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Automotive News®

December 29, 1986

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61st year—$50.00 per year, $1.25 per copy

Georges Besse: Made tough but necessary decisions — laying off workers and selling assets — to restore Renault to profitability, only to be assassinated by terrorists outside Paris home.

Malcolm Bricklin: Exceeded expectations, selling almost 50,000 low-priced Yugo imports and announced another U.S.-bound cheapie for 1988 — Malaysia's highly touted Proton Saga.

Peter Fischer: Amid big brand-wide sales declines and massive negative publicity over Audi's "sudden acceleration" problem, Fischer was sacrificed and removed as Audi's U.S. chief.

Lee Iacocca: He announced a major Chrysler reorganization and led a successful Statue of Liberty salute — despite being fired from a presidential commission in a name-calling brouhaha.

Takashi Ishihara: Nissan chairman reported his company's first loss in 35 years — largely from massive declines of the dollar against the yen, which hurt profits of all Japanese makers.

1986 *Newsmakers of the Year*

Max Jamieson: U.S. marketing chief made Hyundai the most successful first-year import ever — selling almost twice the 100,000 expected of the low-cost South Korean car.

H. Ross Perot: After criticizing GM, the billionaire EDS founder became richer by agreeing to sell his GM stock and quit and be quiet in exchange for $750 million for himself and top aides.

Roger Smith: GM chairman criticized over Perot buyout, declining market share, sluggish sales, reduced profitability, costly incentives, leadership ability and quality of GM cars.

Jack Telnack: Designer of highly successful Taurus-Sable line directed a new team approach to car building that helped Ford earn record profits, possibly even exceeding those of GM.

James Woulfe: NADA president created new factory-dealer dialogue and took active role through Project 2000 in studying and developing ideas and policies for a changing industry.

Year's top story: A time of turmoil at GM

By John K. Teahen Jr.
AUTOMOTIVE NEWS STAFF REPORTER

It is an overstatement to say that whatever *could* go wrong *did* go wrong for General Motors in 1986.

It is *not* an overstatement to say that 1986 was something less than a prime year for the world's largest manufacturing corporation.

The time of turmoil at GM took first place in the Automotive News editorial staff's 34th annual Story of the Year poll.

GM was beset with problems that usually happen only to the other guys: Plant closings, declining sales, loss of market share, scaleback of product programs including the vaunted Saturn project, rethinking of truck and bus positions, troubles with its showcase computer subsidiary, falling profits and a hefty third-quarter operating loss.

Second place in the voting went to another GM happening — the $750 million buyout of the Class E stock of H. Ross Perot and his top associates and Perot's removal from the GM board of directors and from the chairmanship of GM's Electronic Data Systems subsidiary. Perot criticized GM. GM was not amused. Exit Perot.

The No. 3 story was the costly succession of incentive programs fueled by GM and adopted by other domestic makers in an attempt to breathe some life into a flat market. That, too, was pretty much a GM

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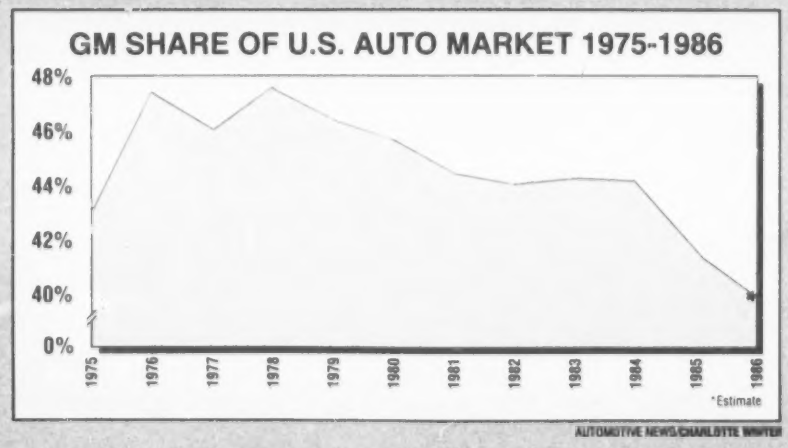

AUTOMOTIVE NEWS/CHARLOTTE WINTER

Audi won't recall its runaways

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — NHTSA has asked Volkswagen of America to formally recall all 1978-1986 Audi 5000s with automatic transmissions, although the agency stressed it has not completed its probe or pinpointed the cause of unintended acceleration with enough certainty to order a recall.

VWoA said NHTSA's request pertains to "work that is already underway" and declined to issue a formal recall. The company said it has already invited owners of the estimated 250,000 vehicles involved to bring their cars in for added safety devices and free replacement of any defective parts. VWoA is the U.S. importer of Audi.

VWoA Vice President Philip Hutchinson said his company could not find safety-related defects in the cars and would not send out legally worded defect notification letters or make a formal safety-related recall.

Mandated recalls normally occur only after legal findings, which can be fought in public hearings or in the courts by the companies involved. Those hearings are so time-consuming that NHTSA routinely prefers to ask manufacturers to make voluntary formal recalls.

"Audi has been performing that work for several months, has already installed more than 50,000 automatic shift locks in 1984-1986 models and replaced several thousand idle speed stabilizers under voluntarily initiated service actions, which included notification to every owner," Audi of America said in a statement. Audi of America is a division of VWoA.

The statement continued, "NHTSA, by issuing their recommendation, recognizes the

see AUDI, page 29

World's auto sales seen dipping in '87

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Worldwide new-car sales will fall slightly in 1987 as volume stabilizes in Western Europe and declines about 3 percent in North America.

The London-based DRI-Europe research group projects world sales of 32,459,000 cars in 1987, compared with an expected total of 32,737,000 this year. By 1990, DRI-Europe sees the world market growing to 34,973,000.

Though 1986 represents the fourth straight year of expansion in the world industry, DRI-Europe noted that unlike recent years, 1986 growth has been uneven.

"A regional analysis shows that the big and mature car sales regions are enjoying healthy sales growth in 1986 while Latin America, Asia-Pacific and the Middle East and Africa regions are lagging behind," the report said.

But while the world's number three market, Japan, grows in 1987, Western Europe will slow considerably and the U.S. market

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apanese sales low in Europe — Page 2

Bush task force seeks to repeal CAFE — Page 3

Makers review 1986, look ahead to 1987 — Page 28

NEWSPAPER
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ACQ EDITOR
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CONGRESSIONAL INFO SERV
4520 EAST-WEST HWY STE8
BETHESDA MD 2061⁴

Japan's gain flattens out in Europe

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — After several months of unrestrained growth, Japanese new-car sales in Europe slowed significantly in November, according to industry estimates compiled by Automotive News.

The sales slowdown coincided with reports from Tokyo that exports to Europe plunged in November — the first sign that voluntary restraints reportedly imposed last summer have taken effect.

Though the Japanese have been running 20 percent above last year's pace in Europe, sales were flat in November. Japan's carmakers registered a combined increase of only 0.1 percent. Nissan, Toyota and Mazda — the three Japanese leaders in Europe — declined in November.

New-car sales in Europe during the month were 858,600, up 7 percent over November 1985.

The consolidated Japanese market share, which reached 12 percent several months ago, slipped to 11.9 percent for the first 11 months of 1986. In September, Japanese carmakers accounted for 13.7 percent of new-car sales in Europe. In November, their share was 10.3 percent.

Nissan was off 4.7 percent in November (compared with the 1985 month) with sales of 23,800; Toyota dropped 4.2 percent to 21,000 and Mazda tumbled 9.1 percent to 14,200.

For the year, Nissan was 12.8 percent ahead with volume of 331,100. Toyota was 22.6 above 1985 at 317,900 units, and Mazda was 16.8 percent with sales of 224,300.

Despite its sales decline last month, Nissan held on to 3.1 percent of the year-to-date European market, while Toyota dropped a tenth of a percentage point to 2.9 percent. Mazda clung to 2.1 percent of the 11-month market.

Mitsubishi's surge continued unabated in November in spite of the overall Japanese slowdown. Its European sales were up 37.8 percent to 10,900. For the year, Mitsubishi was up 20.8 percent at 133,600.

Through 11 months, Japanese producers sold 1,286,200 cars in Western European, compared with 1,140,400 for all of 1985, when the Japanese finished with 10.7 percent of the market.

Japanese sales were off 25.2 percent last month in the United Kingdom, where a "gentleman's agreement" restricts market share to about 11 percent. Through 11 months, the Japanese held 11.2 percent of UK new-car sales on volume of 201,100, up 3.6 percent from 1985.

In West Germany, where there are no restrictions, Japan's carmakers are still ringing up big gains. Sales of 31,800 last month were one-third above the previous November's and amounted to 15.6 percent of the German market.

Critics view Japan's increase in Europe as a shift away from the U.S. market caused in part by the yen's sharp appreciation against the dollar and pressure for restraints.

Though Japan's trade ministry reportedly convinced automakers last summer to cap exports to Europe at 11 percent above 1985 levels, there was no immediate evidence of a curb in shipments. But the effort may finally be paying off.

Overall new-car sales in Europe totalled 10,826,600 through November, up 8.5 percent over the same period in 1985. The healthy European market has already surpassed the record 10,643,000 units sold in all of 1985.

The Volkswagen Group continued to lead the European sales race through 11 months. VW, Audi and Seat combined for 14.5 percent of the total market with sales of 1,575,100.

Audi, which had lost volume in Europe for several months, rebounded in November on the strength of its new Audi 80 line. Audi sales were up 19.3 percent to 22,200 in November.

VW's Golf/Jetta line continued as the best-selling car in Europe with 11-month sales of 741,700, accounting for 6.9 percent of the European new-car market.

The Fiat Group remained a strong second in the European standings with sales of 1,363,700 and 12.6 percent of the market. The share would be 14.1 percent with Alfa Romeo, which Fiat acquired in November.

Ford was next with sales of 1,272,400 and an 11.8 percent year-to-date share. Ford's 13.7 percent improvement in November was highest among the Big Six full-range producers in Europe. Sales were up 7.4 percent for the year.

Peugeot SA held 11.3 percent on sales of 1,220,300 after surpassing General Motors in October. GM's year-to-date share dipped slightly from 11.2 percent in October to 11.1 last month. Sales totaled 1,197,300 through November, an increase of 4.9 percent.

Renault continued to narrow the gap between itself and the other volume producers in Europe.

EUROPEAN SALES

Manufacturer	11 mos., 1986	1986 share*	11 mos., 1985	Volume Change 1986 vs. 1985
VW-Audi-Seat	1,575,100	14.5	1,433,800	+ 9.8
Fiat Auto	1,363,700	12.6	1,223,800	+11.4
Japanese (all)	1,286,200	11.9	1,081,300	+19.0
Nissan	331,100	3.1	293,600	+12.8
Toyota	317,900	2.9	259,300	+22.6
Mazda	224,800	2.1	191,900	+16.8
Mitsubishi	133,600	1.1	110,600	+20.8
Ford	1,272,400	11.8	1,184,200	+ 7.4
PSA**	1,220,300	11.3	1,136,000	+ 7.4
General Motors***	1,197,300	11.1	1,141,500	+ 4.9
Renault	1,117,000	10.3	1,059,900	+ 5.4
Mercedes	407,800	3.8	372,500	+ 9.5
Austin Rover	388,700	3.6	401,000	– 3.1
BMW	276,700	2.6	272,700	+ 1.5
Volvo	248,200	2.3	237,700	+ 4.4
Alfa Romeo	162,400	1.5	151,700	+ 7.1
Others	310,800	2.8	283,200	+ 9.7
Total	10,826,600	100.0	9,979,300	+ 8.5

*—Total does not add to 100 percent because of rounding.
**—Peugeot, Citroen, Talbot
***—Opel, Vauxhall, Isuzu, GM-U.S./Canada

NEW CAR SALES IN EUROPE

Country	11 mos., 1986	Pct. gain or loss from 1985
West Germany	2,589,200	+ 16.2
United Kingdom	1,801,600	+ 2.7
France	1,710,600	+ 5.7
Italy	1,710,600	+ 4.3
Spain	615,000	+ 19.2
Netherlands	549,400	+ 14.0
Belgium/Lux	408,000	+ 10.3
Switzerland	287,400	+ 13.5
Austria	246,000	– 4.7
Sweden	244,300	+ 0.2
Denmark	163,300	+ 10.6
Norway	158,800	+ 7.3
Finland	136,000	+ 4.5
Portugal	94,000	+ 15.3
Greece	56,400	– 23.3
Ireland	56,000	– 4.2
TOTAL	10,826,600	+ 8.5

Isuzu may use plant GM shuts in Belgium

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — General Motors will cease production in one of its two plants in Antwerp, Belgium, in 1988, heightening speculation that Japanese partner Isuzu will take over the vacated factory.

GM Continental, the U.S. automaker's Belgian unit, will concentrate car assembly in its more modern Plant 2 in Antwerp starting in September 1988. It plans to operate the facility six days a week on two shifts, with employees working four days a week.

According to various rumors, the vacated Plant 1 will be used by Isuzu to produce cars for the European market.

The new arrangement announced by GM will result in an unspecified employment reduction in Antwerp. But the cuts would be achieved through attrition and early-retirement.

GM Continental currently employs about 11,400 persons. The Opel Kadett is produced in Plant 2 and the Ascona and Manta coupe are built in Plant 1.

Plant 2 has been outfitted with new automated equipment in recent years. The company recently spent $143 million on an automated paint shop as part of a $619 million investment in Antwerp.

The proposal to operate six days a week on two shifts, with employees working four days a week, is subject to negotiation with the union representing workers at the plant. Talks are expected to begin within the next few months.

He said it has not been decided which models will be assembled in Plant 2 after the changeover, but he said the company "will likely produce more than just the Kadett."

GM has declined to comment on reports that Isuzu may eventually use the other Belgian plant as a European production base.

GM said there are no plans to dismantle Plant 1, which was completed in 1953. The GM Continental representative said the facility will be kept in running condition by a staff of about 30 maintenance employees in case it is needed at "short notice."

The two Antwerp plants currently turn out about 1,700 cars per day, with Plant 1 producing 35 units an hour and Plant 2 building 75 per hour. This year, GM Continental will produce a record 383,000. The company exports more than 90 percent of its output, with 35 to 40 percent going to West Germany.

By itself, Plant 2 will have capacity of about 370,000 to 380,000, although the total will depend on union negotiations.

GM has said it will trim its European car operations workforce of about 100,000 by some 5 percent a year in the next few years.

General Motors lost $372 million in all of its European operations in 1985. Heavy investment for the Opel Omega launch was costly.

Renault shuts Mexico Jeep plant

By Stephen Downer
STAFF CORRESPONDENT

MEXICO CITY — Renault has quietly closed its Jeep Wagoneer operation in suburban Vallejo because of poor sales.

The company withdrew from the Mexican car market in August for similar reasons. It leaves Renault with just one plant in Mexico, Gomez Palacio, which builds F engines for export.

Closing of the Wagoneer assembly plant and the Lerma plant that supplied it with engines were not publicly announced, but the combined workforce of 500 has been paid termination benefits.

Alain Hayat, general secretary of the Renault organization in Mexico, said the two plants, plus the car plant in Ciudad Sahagun, will be sold.

"There were many reasons for stopping Wagoneer production," Hayat said. "The main reason is the situation in the domestic market. Sales were very low and it was difficult to have a significant operation in a plant like Vallejo."

Renault sold only about 2,000 Wagoneers in 1986. The number still in inventory is not known, but Hayat said that distributors were selling the vehicle at the normal price of about $13,300.

Before its closure, Renault made the Alliance, Encore, R5 and R18 at Ciudad Sahagun.

Canadian sales off 16% in November despite incentives

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Domestic new-car sales in Canada in November were 16.46 percent below the total for the year-ago month.

Canadian dealers delivered 51,651 cars in November compared to 61,834 in November 1985.

Ford Motor Co. and Chrysler Motors tried to bring Canadian customers back into the showrooms with incentives on a limited number of car and truck lines. However, sales remained below year-ago levels.

New-car sales for the first 11 months of 1986 were off 3.10 percent from the same period in 1985. The 11-month total was 730,016 compared to 753,380 last year.

All four domestic automakers reported a drop in car sales in November.

MARKET SHARES November 1986

Cars	
General Motors	53.37%
Ford Motor Co.	23.76%
Chrysler Motors	19.90%
American Motors	1.90%
Volvo	1.07%
Trucks	
General Motors	43.25%
Ford Motor Co.	32.97%
Chrysler Motors	18.86%
Jeep	5.92%

On a percentage basis, Ford had the biggest November-to-November sales loss. Sales dropped 23.02 percent from 15,947 to 12,275. Ford offered cut-rate interest on 1986 Escort and Lynx and 1986 and 1987 Tempo, Topaz and Ranger models in Canada.

Chrysler's car sales declined 17.97 percent in November, dropping to 10,274 from 12,525 a year ago. A Chrysler spokesman said the company continued to offer incentives on its K-cars and light-duty trucks during November.

Sales of General Motors cars dipped 12.96 percent in November. GM's Canadian dealers delivered 27,568 cars during the month compared to 31,675 a year ago.

Also experiencing sales declines were American Motors and Volvo. AMC car sales continued to slide, dropping 11.18 percent in November. AMC sold 977 cars compared to 1,100 for the year-ago month.

Volvo sales were off 5.11 percent, dropping to 557 in November from 587 a year ago.

Canadian new-truck sales were off 4.97 percent in November compared to the same period a year ago. The monthly totals were 26,221 this year and 27,595 last year.

Chrysler's November truck sales climbed 17.15 percent over a year ago. The only other maker to show an increase in that category was AMC Jeep, which posted a 10.22 increase in November.

CANADIAN SALES

	Nov. 1986	Nov. 1985	Pct. Change	11 mos., 1986	11 mos., 1985	Pct. Change
AMC						
Cars	977	1,100	–11.18	12,376	21,322	–41.95
Jeeps	1,553	1,409	+10.22	13,714	11,236	+33.97
CHRYSLER						
Cars	10,274	12,525	–17.97	151,621	172,172	–11.93
Trucks	4,944	4,220	+17.15	57,936	58,994	– 1.79
GM						
Cars	27,568	31,675	–12.96	382,087	371,783	+ 2.77
Trucks	11,078	12,362	–10.38	145,550	128,473	+13.29
FORD						
Cars	12,275	15,947	–23.02	176,710	180,513	– 2.10
Trucks	8,646	9,604	– 9.97	114,614	106,069	+ 8.05
VOLVO						
Cars	557	587	– 5.11	7,222	7,590	– 4.84
TOTAL CAR	51,651	61,834	–16.46	730,016	753,380	– 3.10
TOTAL TRUCK	26,221	27,595	– 4.97	331,814	303,77	+ 9.23

Bush Task Force seeks to knock out CAFE

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The Reagan administration plans to ask Congress to "rethink" the automotive fuel-economy standards, but a spokesman for the vice president's Task Force on Regulatory Relief made it clear that a full-fledged repeal may be sought.

Industry reaction was swift and predictable: Ford Motor Co. answered with statesmanlike approval, General Motors with enthusiastic relief, Chrysler Corp. with indignant disapproval.

Public interest groups broke into two camps: Ralph Nader's Public Citizen called the plan shortsighted; the liberal Center for Auto Safety threatened opposition; and the conservative Competitive Enterprise Institute applauded the administration's move.

The Center for Auto Safety and Public Citizen have filed six lawsuits opposing rollbacks of corporate average fuel economy (CAFE) standards. Taking an opposite tack, CEI recently sued to abolish CAFE on grounds that the standards encouraged smaller and less-safe cars.

The recently re-established Task Force on Regulatory Relief, in its first meeting, included CAFE standards as one area that endangered America's productivity and competitiveness.

It is expected that repeal of CAFE standards will be advocated in the president's State of the Union Message next month.

The task force rationale used at the first meeting was: "CAFE standards place American automakers at a competitive disadvantage, create economic distortions in the market and cause the export of jobs abroad, thus exacerbating the trade deficit."

In view of deregulated oil and the "dramatic improvement" in the domestic industry's CAFE, the task force headed by Vice President George Bush said the question to be addressed is "whether further adjustments should be dictated by gasoline prices, not government fiat."

In making the announcement, Bush pointed to the accomplishments of the administration's 1981 regulatory relief agenda. That effort, he said, resulted in "savings of more than $150 billion over a decade for investment, research and development, increased productivity and new jobs."

However, the task force's major goal of rescinding the passive-restraint standard was overturned by the courts.

In response to the task force's new intiative, the liberal public interest groups drew a parallel. They said that energy conservation may have as much of a constituency as passive restraints, especially on Capitol Hill. They predicted that when Congress returns in January, lawmakers — especially in the Senate, now controlled by Democrats — may choose to fight back.

A General Motors spokeman welcomed the proposal to "address the damage being done" to full-line makers who have spent billions to downsize.

GM said the Japanese have been favored while full-line makers "are being forced from their traditional larger-car base." GM wants to end what it calls the CAFE "straitjacket."

GM's current liability for civil penalties — $5 per car for every one-tenth of an mpg by which its fleet misses the CAFE standard — is estimated at about $500 million even with three years of carryback/carryforward credits.

A Ford spokeman said the company was "pleased" by the recommendation to address the "inequities" of the 1975 Energy Policy and Conservation Act.

Ford, which once faced $50 million in CAFE fines, is believed to have enough credits to wipe out its liability.

Chrysler said the proposal "doesn't make sense."

According to a Chrysler spokesman: "Throwing out fuel-economy standards just a day after OPEC unilaterally raised the world price of oil means we can't read history. We are setting ourselves up for a third oil shock. It also means the end of America's energy policy."

In opposing recent rollbacks of CAFE standards by NHTSA, Chrysler has said that it has done its job and met the standards and now its two major domestic competitors should do likewise.

Joan Claybrook, president of Public Citizen and former NHTSA head, predicted the auto industry may find itself in trouble all over again.

She said full-line makers had a distinct advantage over limited-line or single-line companies because they could average their big cars with their small cars instead of having all cars meet one standard.

Robert Dewey of the Center for Auto Safety called the CAFE standards the "most successful energy conservation program ever enacted" and promised strong opposition to any repeal effort.

Fred Smith of the Competitive Enterprise Institute welcomed the Administration's return to "focusing on economic deregulation" and described it as a promise to "restore an element of competition to the U.S. auto industry."

Other areas given tentative go-aheads in the task force's first meeting were: completing the job of deregulating the interstate trucking industry, abolishing the Interstate Commerce Commission and reforming bank regulations.

Title-wash plan may trap 60 in odometer case

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

As many as 60 East Coast used-car dealers could be charged with odometer tampering now that the operator of a Pennsylvania title-washing service has agreed to help with the probe.

Debra L. Blatz, 29, pleaded guilty last month to reduced charges in exchange for her cooperation. She has begun giving information on the dozens of wholesale and retail used-car dealers who did business with her, state and federal officials said.

Charged earlier this month was James J. Pettinato, 37, owner of Clifford Car City, Clifford, Pa. He faces 29 federal felony counts for allegedly using Blatz's service to obtain clean titles on cars that had rolled-back mileage readings.

Authorities said Blatz's operation typically worked like this:

Dealers who had bought high-mileage cars would give the titles to Blatz, who would change the mileage listed on the title to a figure requested by the dealer.

Blatz then would send the titles to associates in Virginia or Florida, who would use the altered titles to obtain new titles in those states. When the Virginia and Florida titles came back through Blatz to the dealers, they would obtain "clean" titles in Pennsylvania.

As many as 3,000 titles may have been laundered through Blatz, said Sally A. Lied, an assistant U.S. attorney for the Middle District of Pennsylvania.

Blatz typically charged about $175 for the service, Lied said. Blatz ran the operation, called DLB Business Consultants, from a desk she operated at the Manheim Auto Auction, near Lancaster, Pa., officials said. The auction has not been accused of any wrongdoing.

In making the deal, authorities dropped 24 charges against Blatz in exchange for a guilty plea on one count of conspiracy, three counts of making counterfeit or forged securities and three counts of interstate transportation of falsely made, forged or altered securities.

State and federal authorities are recommending a three-year prison term for Blatz. Sentencing has been set for Jan. 20.

Blatz also agreed to pay $1,500 for each of the 15 titles the indictment accused her of laundering, a total of $22,500. She was indicted last May.

Pettinato is the 12th person charged in the case, including Blatz. Six suspects have been convicted and two have been sentenced in Pennsylvania; five have been convicted and sentenced in New York and Virginia.

The probe, which began in January 1985, is being conducted by the FBI and the Pennsylvania attorney general's Bureau of Criminal Investigation.

AUTOMOTIVE NEWS/JOE WILSSENS

B-O-C workers make Christmas merry
Employees at the Buick-Oldsmobile-Cadillac Group's Conner Stamping Plant, Detroit, donate $1,500 worth of toys to the Marine Corps Toys for Tots Program. Plant employees also worked with the Salvation Army to fill food baskets for local families.

New process may assist makers in war on smog

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — A new chemical process using cyanuric acid may help eliminate smog. Cyanuric acid is a harmless compound often used as a chlorine stabilizer for water in swimming pools.

The process was discovered by Dr. Robert A. Perry and Dr. Dennis L. Siebers working at the Combustion Research Facility in Livermore, Calif., which is operated by Sandia Laboratories for the U.S. Energy Department.

Perry found that by allowing hot exhaust gases to pass over cyanuric acid, the exhaust's nitrogen oxides — the precursors of smog — are removed.

Perry's new process is named RAPRENOx, an abbreviation for rapid reduction of nitrogen oxides. Working with Siebers, he made lab tests on part of the exhaust from a single-cylinder diesel engine and found 99 percent of the NOx was removed.

According to Dr. Peter L. Mattern, new director of the Combustion Research Facility, an added benefit of this work is that it decouples the control of NOx and control of diesel particulates. Traditional control methods produce a seesaw effect: As NOx is controlled, particulates increase, and as particulates are reduced, NOx increases. RAPRENOx might make it possible to control particulates in the engine during combustion and control NOx outside the engine.

The Perry-Siebers work was funded by two programs operated by the Energy Department, which has formally waived its title to the invention in favor of Perry. The Energy Department retains the right to use the process without paying any license fees. Perry plans to leave Sandia and form a company to develop the process commercially.

Perry and Siebers believe they have a cheap and effective process for broad application — coal-fired powerplants and industrial boilers as well as engines. They say it has "important implications for a wide spectrum of energy conversion technologies and for industrial applications. . . ."

Sandia spokesmen noted, however, that the RAPRENOx concept is still undergoing confirmatory testing. The technology — including engineering research, the development of chemical devices that could be fitted to commercial engines and studies of performance under actual driving conditions — does not yet exist.

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61st year—No. 5160

AUTOMOTIVE NEWS (ISSN 0005-1551) is published weekly except semiweekly the fourth week in April at 965 E. Jefferson, Detroit, MI 48207. Second-class postage is paid at Detroit, MI and at additional mailing offices. Postmaster: Send address changes to AUTOMOTIVE NEWS, Circulation Department, 965 E. Jefferson, Detroit, MI 48207.

Navigation system expected as option on '89 GM cars

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — General Motors plans to offer an on-board computer navigation system as an option on 1989 models, according to National Car Rental System Inc. National is using the system on 15 GM vehicles it is operating in the San Francisco area.

A GM spokesman in Washington said GM does not comment on future product plans.

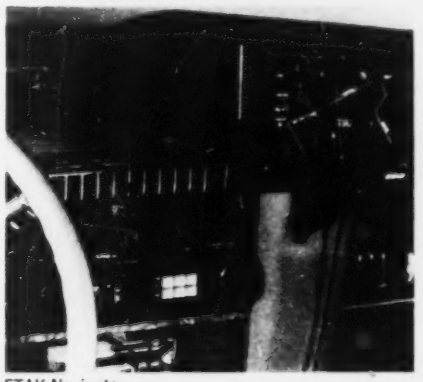
The navigation system, called the ETAK Navigator, is self-contained. It continually displays on a small television screen a map showing the location of the driver's car and the driver's destination.

The ETAK Navigator makes use of moving maps to help drivers find their destinations. As the car moves, the map is updated and recreated on the screen each second.

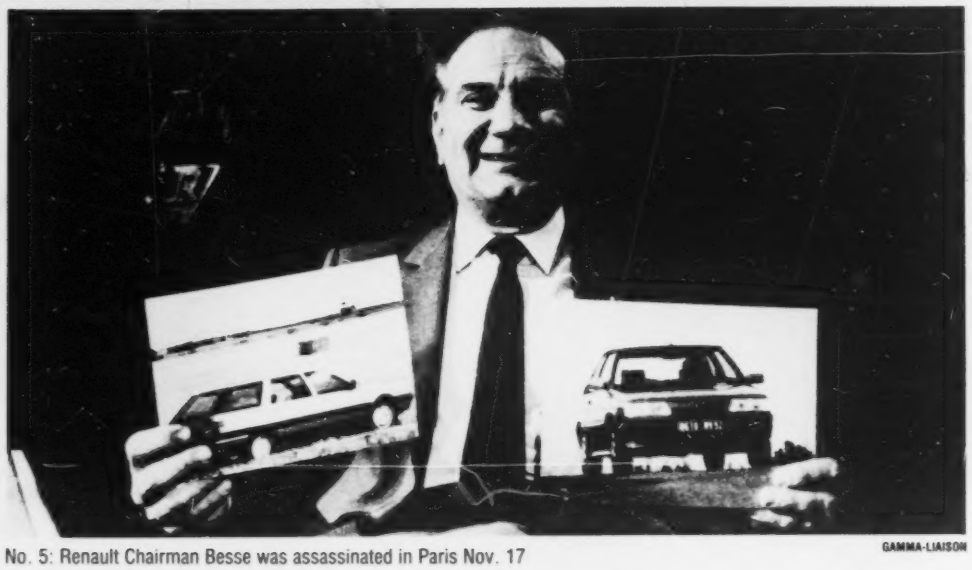
The system is the creation of ETAK Inc., a California company that was formed in 1983. National Car Rental said it became involved with the program through its relationship with GM. ETAK reportedly has a licensing agreement with GM.

In Washington, GM said its Research Laboratories and Delco Electronics have worked to develop the system.

The ETAK Navigator uses an orientation system consisting of motion sensors mounted on the front wheels and an electronic compass in the rear window. A shoe box-size processor fits in the trunk and contains the computer. A tape drive, which accepts maps recorded on special tapes, can be placed anywhere in the passenger compartment, but is usually located under the driver's seat. A four-inch display screen is attached to the front of the instrument panel.



ETAK Navigator



GAMMA-LIAISON

No. 5: Renault Chairman Besse was assassinated in Paris Nov. 17

realized that it was silly to buy a car between incentive programs — wait a while and save a bundle. So the low-interest-rate offers continued.

There's another problem. Incentive programs are expensive for the manufacturers, so they raise prices to defray the cost. But the higher prices stifle sales, and that leads to more incentives. And the new incentives also are expensive, which means another price hike. And around and around and around.

Maybe the chain is about to break. The current round of cut-rate loans and rebates is slated to end in January. GM isn't playing the finance-rate game this time (although it is offering a $300 rebate on Chevrolet Cavalier). Said one observer, "If GM can hold out, maybe the industry will get back to selling cars instead of paper."

No. 4: The rising yen

Despite their increasing share of the U.S. market, all is not well with the Japanese automakers. The appreciation of the yen against the dollar is causing severe profit problems. That was the fourth-place story in the 1986 poll.

In mid-1985, the exchange rate was about 240 yen to the dollar. Today, it's a bit over 160. Thus, the yen has risen about 50 percent against the dollar. During that period, prices of Japanese cars in the United States have gone up about 18 percent.

That means the Japanese are making a lot less money on their U.S. business. Japan's auto industry is an export industry, and the United States is its prime market. The result is a serious profit pinch.

In the six months ended June 30, the first half of its fiscal year, Nissan suffered its first operating loss since going public in 1951. Toyota's profits were down 15 percent for the fiscal year ended June 30, and Honda's profits were off 44 percent for the six months ended Aug. 31, the first half of its fiscal year. Mazda's profits fell 55 percent in the first half, ended April 30.

No. 5: Besse murdered

The murder of Renault chief Besse was the No. 5 story in this year's voting. Besse was gunned down outside his Paris home Nov. 17. Action Directe, a French left-wing extremist group, claimed responsibility for the killing.

Besse, 58, had headed the state-owned automaker for 22 months. He came from Pechiney, France's nationalized aluminum and chemical firm. He took over that company in 1982 and returned it to profitability in two years.

And he was making progress at Renault. Under Besse's cost-cutting programs, the company was trimming its losses and was improving its share of the market. He expected Renault to be in the black by the end of 1987. And some said it had already turned the corner at the time of his death — forecasting a profitable fourth quarter for Renault this year.

In mid-December, Raymond H. Levy, 59, was chosen to head Renault. He formerly was chief of Cockerill-Sambre, Belgium's state-owned steel group. Like Besse, he has a reputation for ministering to sick companies.

The 1986 rundown

Here are the leaders in the 1986 Story of the Year poll:

1. A time of turmoil at GM: Market share dips; plants to close; Saturn scaled back; plastic-bodied Camaro-Firebird dropped; bus operations for sale; Volvo to run heavy-truck venture; company has third-quarter operating loss of $338 million. (139 points, 18 first-place votes)

2. The Ross and Roger show: Perot snipes at GM and Smith. GM pays Perot and his top aides $750 million for their Class E stock and for "contingency fees;" removes Perot from GM board and removes him as chairman of EDS. (96 points, eight first-place votes)

3. Incentives: Cut-rate loans in news throughout year as domestic makers try to hype stale market. GM drops to 2.9 APR for 1986 cleanup; Ford matches it; Chrysler offers 2.1 percent; AMC, zero percent. September sales set record. (69 points, three first-place votes)

4. Rising yen means problems for Japanese automakers. Nissan has operating loss for first half. Toyota profits down 15 percent for fiscal year ended June 30. Honda profits down 44 percent for first half ended Aug. 31. (42 points)

5. Georges Besse, Renault chairman, murdered in in Paris by terrorist group. (28 points, one first-place vote)

6. Hyundai's success: Car goes on sale in United States in February with goal of 100,000 sales for first year. It may double that figure. (23 points)

7. Ford profits top GM's for first nine months of 1986; maybe for full year. (20 points)

8. (Tie) Prices rise on Japanese cars as yen appreciates in value. Four leaders up an average of $1,331, or 13.87 percent, during 1986 model year. Ford and GM rise prices, too, failing to capitalize on Japanese problem. (11 points)

8. (Tie) Car-truck sales expected to set record of 16 million for 1986 calendar year. (11 points)

8. (Tie) More transplants: Fuji-Isuzu to build in Indiana; GM-Suzuki to build in Canada; Honda starts assembling in Canada, adds Civic and engine plant in Ohio. (11 points)

11. New Taurus and Sable a big success for Ford Motor Co. (11 points)

Other stories mentioned in the voting were: Audi's runaway-car problems; Chrysler to build cars in AMC plant; Ford and VW merge operations in Brazil and Argentina; Ford loses Alfa Romeo to Fiat; Detroit-area dealers tried on FTC charge of conspiring to limit sales hours; and Roger Smith calls for stricter quotas on Japanese car exports to the United States.

AUTOMOTIVE NEWS JOE WILSEMS

No. 3: Domestic makers instituted a costly succession of incentive programs to breathe some life into a flat market

DRI FORECAST (Thousands)

	1980	1985	1986	1987	1990
World					
Sales	28,843	31,982	32,737	32,459	34,973
Western Europe					
Sales	10,119	10,608	11,292	11,236	11,471
Production	10,347	11,20	11,612	11,784	12,257
Total EC					
Sales	9,219	9,540	10,156	10,072	10,271
Production	10,347	10,809	11,188	11,333	11,778
North American					
Sales	9,907	12,175	12,322	11,927	12,657
Production	7,212	9,277	8,928	8,543	9,031
Japan					
Sales	2,854	3,104	3,195	3,242	3,366
Production	7,038	7,647	7,757	7,720	8,054
South Korea					
Production	57	264	414	636	910
Exports	15	119	274	465	640

SALES

FROM PAGE 1

will decline, the research group said.

DRI-Europe predicts volume of 11,236,000 cars in Western Europe next year, compared with 11,292,000 in 1986. The group projects an upturn in sales to 11,471,000 in 1990.

North American sales — expected to reach 12,322,000 million in 1986 — will fall to 11,927,000 next year and build to 12,657,000 by the end of the decade, according to the forecast.

DRI-Europe expects "only a small fall" in the U.S. car market, from 11.3 million units this year to 10.9 million in 1987. However, it looks for sales by U.S.-based manufacturers to decrease about 8 percent as new imports from Korea and Brazil push up the U.S. import total.

The research organization predicts that imports will rise to 3.8 million units by 1991, including cars imported by U.S.-based companies. Based on a projected U.S. market of 11.8 million cars that year, imports would hold a 32 percent share, compared to 26.5 percent in 1985.

The Japanese market is expected to rise slightly, from 3,195,000 cars in 1986 to 3,242,000 next year and 3,366,000 in 1990.

DRI-Europe said the sales rankings of Europe's top six automakers will undergo a continuous shakeup in the next few years.

Renault, which has fallen from first place to sixth since 1983, is prime for a turnabout, while Fiat Auto — with Alfa Romeo included — will challenge Volkswagen Group for first place, DRI-Europe said.

Meanwhile, the Japanese are weighing strategies in the face of growing pressure for restrictions. A key issue is how Toyota will respond to the establishment of manufacturing bases in Europe by Nissan and Honda.

"Although Volkswagen's lead in Europe will only be challenged by the enlarged Fiat Group, the other four positions among volume manufacturers will fluctuate almost continuously over the next few years," DRI-Europe said.

Through November, VW-Audi-Seat was the European leader with 14.5 percent of the car market. Fiat (with Alfa's 1.5 percent included) held 14.1 percent; Ford, 11.8 percent; Peugeot SA, 11.3 percent; General Motors, 11.1 percent and Renault 10.3 percent.

Renault's share fell to 9.9 percent last summer, but has been rising steadily since then.

"Renault is set to make a recovery in 1987," DRI-Europe said. "This will be mainly because of the new R-21, which is currently selling very well in France and will thus boost its European sales significantly."

But DRI also said that Renault's French adversary, PSA, will derive continued sales strength from its Peugeot 309, while the Citroen AX offers stiffer competition for subcompact competitors as it becomes more widely available throughout Europe in 1987.

DRI said Ford's facelifted Sierra and Volkswagen's new Passat will have an impact on the market. The re-skinned Sierra sedan is due to bow in early 1987, while reports are that the Passat's introduction has been delayed and will not take place before early 1988.

The Sierra is expected to impact Opel Ascona/Vauxhall Cavalier sales, while the new Opel Omega/Vauxhall Carlton enhances GM's penetration of the European executive segment against the likes of Ford Scorpio/Granada, Renault 25 and Fiat Croma/Lancia Thema.

Fiat, now heavily dependent on the Uno and Panda outside Italy, will get help from the new Type 2/3 models in the lower medium segment duing the next three years as well as from the Brazilian-built Duna, a sedan version of the Uno that will be shipped to Europe at the rate of 60,000-80,000 annually beginning next year.

This year, the Japanese have focused heavily on Europe, where the yen has not appreciated so dramatically against local currencies. But the resulting criticism from European manufacturers has led to self-imposed export restraints, which have recently begun to have an impact on Japanese volume.

DRI said current restrictions favor Nissan — the Japanese sales leader in Europe — because they exclude Nissan production at its new plant in the United Kingdom.

There have been reports out of Tokyo recently that Toyota favors a joint manufacturing venture in Europe similar to its New United Motor Manufacturing Inc. partnership with General Motors in the United States.

Automotive News soothsayers predict sales drop

DETROIT — The Automotive News editorial staff sees a downturn in car and truck sales in 1987 — about 15.25 million compared with the record 16 million expected for this year.

The car sales forecast is 10,650,000, down from an anticipated 11,260,000 for 1986.

The staff predicts that sales of U.S.-built cars will drop to 7,361,000 in 1987, down from 8,060,000 this year. Sales of imported cars are seen rising to 3,289,000 from this year's 3,200,000.

The truck sales forecast is 4,604,000, down from about 4,800,000 in 1986.

The forecast is based on the averages of estimates submitted by Automotive News reporters and editors.

Spain rides crest of sales tsunami

By Richard Johnson

After a decade of stagnation, Spain has emerged as Europe's fastest-growing new-car market.

Consumer confidence inspired by lower interest rates, reduced inflation, political and social calm, and entrance by Spain into the Common Market have overcome the effects of a steep new value-added-tax on autos.

All told, about 100,000 more cars will be sold this year in Spain than last year.

"The rate of growth has been quite spectacular," observes Eddy Van Loo, marketing director of General Motors Espana S.A., which has boosted sales sharply this year.

Actually, expansion of the Spanish new-car market is long overdue. The industry surpassed the 500,000-mark more than 10 years ago and achieved record volume of 633,000 in 1977.

"The industry in Spain has been very disappointing over the last 10 years," notes Alain Batty, Ford Espana S.A. marketing director. "It had already reached a half-million and forecasts were it would grow to at least a million cars by 1990. But it's remained at 500,000-600,000."

The real push in Spain began about mid-year. Industry sales rose 25 percent in October — best among the 17 major West European markets — after increases of 32 percent in September and 34 percent in August.

Spain recently passed The Netherlands to move into fifth place in car sales among European countries. The top four are West Germany, United Kingdom, Italy and France.

Spain's rate of increase in October was more than three times that of Western Europe as a whole, where sales were up 7.5 percent for the month.

Spain's 17.7 percent improvement in 1986 over 1985 is highest among the 17 major markets. Sales in Spain in January-October (549,800) compared to 467,000 in the same period last year. Industry officials in Spain predict 1986 will wind up with sales at an all-time high 675,000 units, and they forecast 700,000-750,000 units in 1987.

Leading the surge in Spain are Ford and GM, both of which have production bases there.

Ford's Spanish sales rose 63 percent in October after gains of 27 percent in September and 55 percent in August. Sales for the 10 months (77,900) are 23.7 percent above last year. The company's Spanish-built Escort/Orion subcompact twins shot up 113 percent in October and are running 48 percent ahead of last year with 10-month sales of 48,000.

GM's volume, up 52 percent in October, ran 34 better than last year for 10 months at 76,900 units. The locally produced Corsa leads with total sales of about 54,000 expected for 1986.

Both companies figure to eclipse the 100,000 mark for the first time in Spain this year. However, Ford and GM are fourth and fifth behind Renault, Volkswagen Group and Peugeot S.A. in the total market.

According to GM's Van Loo, the Spanish economy has rebounded for a number of reasons, including stable energy prices, a significant drop in interest rates since the end of 1985, and a sense of confidence arising from Spain's commitment this year not only to the Common Market, but also to renewed membership in NATO. "This country is now definitely a part of Europe," says Van Loo.

The re-election of Prime Minister Felipe Gonzalez Marquez and his government this year also has helped foster an atmosphere for economic recovery, according to Van Loo. "The victory provided not only political stability, but also brings a kind of social peace," he says. "This is very important for the economy. It leads to a climate of confidence."

Notes Ford's Batty: "The political stability in Spain is a good factor. There is real good social ambience."

He also cites lower fuel prices and general economic vitality as springboards for robust Spanish sales. "There's a lot of money coming back into the market and being spent on consumer goods," he says.

Some observers say demand is heavy in Spain because consumers are anticipating the next round of inflation. Van Loo also notes that pent-up demand for replacement cars, built up in recent years, is now being fulfilled.

Spanish sales have continued unabated this year despite the addition of a value-added-tax adopted as a provision for joining the European Economic Community. The 33 percent VAT tax on cars has drawn criticism from automakers, but apparently has done little to dampen sales.

Says Batty: "The value-added tax didn't have a real impact because we previously had two or three different taxes which were more or less equivalent."

Spanish market leader Renault, with sales of 145,400 units and better than a 26-percent share through October, is running 3 percent ahead on the year. VW Group, helped by acquisition of Spanish carmaker Seat, is 13 percent ahead of 1985 with sales of 109,300. Seat sales in its home market are 19 percent better than last year at 67,800. PSA's 10-month volume of 87,000 is 4 percent above last year.

Japanese producers, virtually excluded by the Spanish government, are unable to participate in the expanding market.

Japan's automakers sold 3,400 cars through October, the same level as in 1985.

West Germany continued to pace Western Europe in new-car sales through the first 10 months of 1986. The West German car market was 16.1 percent ahead of 1985 through October with total volume of 2,375,400, according to industry sources compiled by *Automotive News*.

The United Kingdom was second-best through 10 months, with sales of 1,675,000 topping last year by 2.5 percent. Italy, with 10-month volume of 1,570,700, was up 4 percent over 1985. In France, sales of 1,547,500 units in 10 months were 5.7 percent ahead of last year. ■

NEW CAR SALES IN EUROPE

Country	10 mos. 1986	Pct. gain or loss from 1985
West Germany	2,375,400	+ 16.1
United Kingdom	1,675,000	+ 2.5
Italy	1,570,700	+ 4.0
France	1,547,500	+ 5.7
Spain	549,800	+ 17.7
Netherlands	517,900	+ 14.8
Belgium/Lux	382,200	+ 11.1
Switzerland	267,000	+ 14.8
Austria	231,100	+ 4.0
Sweden	219,400	– 1.0
Denmark	157,300	+ 16.3
Norway	149,100	+ 12.3
Finland	126,600	+ 4.8
Portugal	86,100	+ 15.9
Ireland	54,600	– 1.7
Greece	50,400	– 25.1
TOTAL	9,996,100	+ 8.5

Although Ford ranks only fourth in the total Spanish market, sales of its Orion (above) and Escort have jumped astronomically. Sales of the twin subcompacts in Spain are running 48 percent ahead of last year.

WORLD NEWS BRIEFS

AR workers accept pact

Hourly workers at Austin Rover Group agree to terms of a two-year wage package recommended for adoption by union leaders. The pact, running through November 1988, covers 26,000 workers at AR facilities in Britain. Approved by a vote of better than 2-1, it includes 3-percent wage hikes annually plus quality and productivity bonuses.

Avis orders from AR

Austin Rover lands an $18 million order from Avis Rental Car Division in the United Kingdom. Avis will buy at least 2,500 AR cars, with delivery beginning in January.

The ball's in Opel's court

General Motors' Adam Opel AG signs a three-year agreement with the International Tennis Federation and European Tennis Association to sponsor several events. The West Germany-based automaker obtained exclusive car industry advertising and promotional rights for the Davis Cup, Federation Cup, Women's National Team Championship, World Youth Cup (for players under 16) and Opel European Cup (European indoor team championships).

Daimler, Kloeckner unite

Daimler-Benz and Kloeckner-Humboldt-Deutz of West Germany agree to cooperate on production of tractors and agricultural machinery. They will establish a new company based in Cologne and held 60 percent by Kloeckner, 40 percent by Daimler. The company will develop four-wheel-drive models ranging from 70 to 200 horsepower. Daimler and Kloeckner also will form a joint sales company based in Gaggenau, West Germany, for Daimler's MB-Trac and KHD's Intrac models.

Big rigs go aero

The U.K.'s Leyland Trucks launches a joint aerodynamic research project with trailermaker Crane Fruehauf. They will investigate possible reductions in wind drag on big rigs. The companies already have subjected a standard Leyland Roadtrain and Crane Fruehauf box-van semi-trailer to wind tunnel research. Modifications based on initial results are undergoing road tests.

Jags in department stores

Jaguar automobiles will be marketed in Japan through a new joint venture between Jaguar Cars and Seibu Department Stores of Japan. Showrooms will open in Tokyo and Osaka. Seibu owns 60 percent of the venture, Jaguar 40 percent. The joint company expects to sell 600 cars a year starting in 1987, with volume rising to 2,000 annually by the end of the decade. Until now Jaguars have been sold in Japan through Austin Rover outlets.

Saarlouis hits milestone

Ford-Werke AG's plant in Saarlouis, West Germany, produced its 4-millionth car, a white Ford Orion, on Nov. 24. The plant was officially opened in June 1970 by Henry Ford II. It once built U.S. and European versions of Fiesta and some Capri models, but now produces only Escorts and Orions.

Ford redoes racer

A new Benetton Ford Formula One car will use a turbocharged Ford 1.5-liter V-6 engine from Cosworth Engineering for the 1987 racing season. The car, now in the design stage, will be driven by team drivers Teo Fabi of Italy and Thierry Boutsen of Belgium.

Bulldozers head for Russia

Fiat-Allis, machinery subsidiary of the Italian group, signs a deal to supply more than 250 bulldozers to the Soviet Union, according to Tass, official Soviet news agency.

Seats for Diamond-Star

Douglas & Lomason Co., Farmington Hills, Mich., and Namba Press Works Co. Ltd., Kurashiki, Japan, form a joint venture to produce trimmed complete seating for Diamond-Star Motors. The venture, called Bloomington Seating Co., will operate a plant in Normal, Ill., near Diamond-Star's new car-assembly plant.

Fiat takes stake in bank

Fiat Group purchases a minority stake in Italian bank Credito Romagnolo. Fiat paid the equivalent of about $27 million for a 2-percent stake in the Bologna-based bank.

Sicot departs Ford

Robert Sicot, manager of European press relations and governmental affairs for Ford of Europe since 1968, announces he will leave the company Jan. 1. The 59-year-old Sicot plans to continue his public relations career as an international communications consultant for the automotive industry. ■

Sicot

OVERSEAS PRODUCTION

FRANCE
Cars

	10 mos. 1986	10 mos. 1985
Peugeot SA	1,224,311	1,072,847
Citroen	437,530	396,811
Peugeot/Talbot	736,781	676,036
Renault	1,074,674	1,108,456
Total	2,298,985	2,181,303

Van, trucks, buses

CBM	40	48
Heuliez	134	0
Iveco-Unic	67	85
Peugeot SA	127,685	137,092
Citroen	58,090	61,238
Peugeot/Talbot	69,795	75,854
Renault	220,413	174,655
Sovam	69	77
Total	348,608	311,957
Total Vehicles	2,647,593	2,493,260

UNITED KINGDOM
Cars

	8 mos. 1986	8 mos. 1985
Carbodies	1,438	1,102
Ford	206,269	206,469
Jaguar	27,441	25,540
Lotus	431	577
Panther	186	84
Reliant	215	628
Rolls-Royce	1,694	1,597
Rover Group	278,029	339,451
Austin Rover	268,575	330,518
Range Rover	9,454	8,933
TVR	355	291
Vauxhall	101,088	101,876
Others	384	404
Total	658,830	721,622

Vans, trucks, buses

Bedford	34,561	39,960
ERF	1,216	1,392
Foden	350	297
Ford	58,053	72,641
Hestair-Dennis	571	546
Iveco-Ford	1,722	0
Metro-Cammell Weymann	165	305
Reliant	16	47
Renault TI	2,796	3,505
Rover Group	58,053	72,641
Austin Rover	12,968	18,069
Freight Rover	12,230	13,403
Land Rover	14,804	20,891
Leyland	8,091	10,565
Seddon Atkinson	1,099	1,183
Others	117	122
Total	148,616	182,926
Total Vehicles	807,446	904,548

JAPAN
Cars

	9 mos. 1986	9 mos. 1985
Daihatsu	112,619	120,189
Fuji	214,614	182,270
Honda	756,320	679,336
Isuzu	157,772	151,915
Mazda	615,814	591,353
Mitsubishi	444,027	411,846
Nissan	1,357,206	1,392,756
Suzuki	216,360	166,861
Toyota	2,006,248	1,905,858
Total	5,880,980	5,602,384

Vans, trucks, buses

Daihatsu	338,283	303,621
Fuji	246,001	241,842
Hino	42,929	50,818
Honda	160,683	112,559
Isuzu	259,169	277,284
Mazda	299,361	282,003
Mitsubishi	444,995	426,297
Nissan	369,058	498,578
Nissan Diesel	23,380	28,059
Suzuki	427,974	397,074
Toyota	736,762	829,950
Others	577	613
Total	3,350,398	3,448,698
Total Vehicles	9,231,378	9,051,082

OVERSEAS REGISTRATIONS

BELGIUM
Cars

	9 mos. 1986	9 mos. 1985
Alfa Romeo	2,735	2,310
ARO	16	17
BMW	8,380	6,589
Daihatsu	1,594	1,285
FSO	790	780
Fiat Auto	12,822	11,018
Fiat	11,520	9,970
Lancia	1,302	1,048
Ford	26,597	25,477
GM-Opel	37,474	35,841
Honda	8,536	7,462
Hyundai	64	391
Isuzu	73	51
Jaguar	230	258
Lada	11,545	10,619
Mazda	7,570	7,138
Mercedes-Benz	9,830	8,284
Mitsubishi	8,067	6,982
Nissan	13,576	12,059
Peugeot SA	44,343	40,803
Citroen	20,989	19,509
Peugeot/Talbot	23,354	21,294
Porsche	417	381
Renault	27,238	26,813
Rover Group	4,058	4,065
Saab	1,343	1,016
Skoda	2,864	2,279
Subaru	2,486	2,004
Suzuki	2,476	1,854
Toyota	22,593	18,292
VW Group	50,541	44,565
Volkswagen	33,929	30,275
Audi	12,335	10,986
Seat	4,277	3,304
Volvo	7,912	6,572
Wartburg	760	864
Zastava	512	388
Others	224	179
Total	317,666	286,636

UNITED KINGDOM
Cars

	10 mos. 1986	10 mos. 1985
Alfa Romeo	2,089	2,769
BMW	32,649	30,177
Daihatsu	4,915	3,960
Fiat Auto	57,021	51,225
Ford	454,070	425,464
FSO	4,147	5,387
GM-Vauxhall	253,357	271,321
Honda	18,740	16,817
Hyundai	6,749	4,598
Jaguar	6,567	7,275
Lada	17,628	13,170
Lotus	391	503
Mazda	16,244	14,999
Mercedes-Benz	18,161	16,539
Mitsubishi	10,572	10,033
Nissan	96,176	91,655
Panther	55	51
Peugeot SA	107,206	90,422
Citroen	30,260	24,464
Peugeot/Talbot	76,946	65,958
Reliant	268	582
Renault	61,402	64,267
Rolls-Royce	745	642
Rover Group	269,209	299,189
Austin Rover	265,445	296,328
Range Rover	3,764	2,861
Saab	9,001	7,400
Skoda	11,119	8,747
Subaru	3,221	2,876
Suzuki	3,901	3,484
Toyota	33,056	31,059
VW-Audi-Seat	104,535	95,205
Volvo	59,898	52,171
Zastava	7,593	7,175
Others	4,280	3,745
Total	1,674,965	1,632,957

JAPAN
Cars

	9 mos. 1986	9 mos. 1985
Daihatsu	69,850	73,234
Fuji	55,575	59,837
Honda	218,325	212,071
Isuzu	44,845	32,668
Mazda	143,812	139,014
Mitsubishi	113,082	132,200
Nissan	591,921	607,896
Suzuki	50,290	53,654
Toyota	1,029,417	977,587
Imports (all)	50,409	37,829
Total	2,367,526	2,323,990

Vans, trucks, buses

Daihatsu	288,040	248,502
Fuji	174,136	168,574
Hino	30,311	31,187
Honda	148,071	100,050
Isuzu	85,875	90,611
Mazda	121,657	115,628
Mitsubishi	274,248	267,135
Nissan	190,784	204,974
Nissan Diesel	16,025	16,645
Suzuki	317,934	306,749
Toyota	272,053	260,948
Imports (all)	135	128
Total	1,919,269	1,811,131
Total Vehicles	4,286,795	4,135,121

AUSTRIA
Cars

	9 mos. 1986	9 mos. 1985
Alfa Romeo	1,892	1,728
BMW	5,650	6,389
Daihatsu	1,205	715
Fiat Auto	12,966	11,104
Ford	21,637	20,792
GM-Opel	26,947	27,599
Honda	4,819	3,932
Lada	1,584	1,359
Mazda	18,829	16,381
Mercedes-Benz	7,916	7,587
Mitsubishi	4,884	4,550
Nissan	10,757	10,251
Peugeot SA	13,941	12,890
Porsche	346	407
Renault	9,928	8,641
Rover Group	318	357
Saab	333	282
Skoda	821	906
Subaru	3,192	2,792
Suzuki	3,125	2,862
Toyota	13,918	10,555
VW-Audi-Seat	43,504	46,761
Volvo	2,783	2,771
Others	324	623
Total	211,619	202,234

WEST GERMANY
Cars

	10 mos. 1986	10 mos. 1985
Alfa Romeo	5,976	7,036
Alpina	165	0
AMC	489	0
Austin Rover	10,038	5,422
BMW	124,109	125,786
Bertone	353	366
Daihatsu	10,224	7,248
Fiat Auto	105,877	89,912
Ford	244,068	215,447
GM-Opel	355,552	315,449
Honda	41,186	32,724
Isuzu	4,746	3,255
Jaguar	1,516	2,045
Lada	8,718	6,952
Mazda	72,239	56,193
Mercedes-Benz	258,109	237,939
Mitsubishi	51,793	39,032
Nissan	71,010	55,882
Peugeot SA	113,999	83,616
Citroen	40,430	32,093
Peugeot/Talbot	73,569	51,523
Porsche	9,530	10,296
Renault	78,438	67,858
Saab	3,857	2,750
Skoda	2,930	2,071
Subaru	12,412	8,839
Suzuki	19,366	15,511
Toyota	76,307	52,666
VW Group	677,712	586,130
Volkswagen	553,178	469,009
Seat	4,334	3,759
Audi	119,700	113,362
Volvo	14,264	11,578
Others	1,193	1,985
Total	2,376,954	2,045,545

SWEDEN
Cars

	11 mos. 1986	11 mos. 1985
Alfa Romeo	1,148	961
BMW	4,130	4,009
Daihatsu	1,464	1,393
Fiat Auto	6,086	6,082
Ford	27,369	26,826
GM-Opel	22,406	25,524
Honda	3,669	3,276
Jaguar	32	33
Lada	1,635	1,469
Mazda	11,643	11,124
Mercedes-Benz	7,132	9,460
Mitsubishi	2,182	2,315
Nissan	13,401	7,802
Peugeot SA	6,871	6,597
Citroen	2,767	2,861
Peugeot/Talbot	4,104	3,736
Porsche	441	433
Renault	3,079	2,489
Saab	26,610	25,055
Skoda	160	320
Subaru	1,353	1,277
Suzuki	1,004	546
Toyota	16,484	11,019
VW Group	28,420	29,659
Volkswagen	18,705	19,012
Audi	9,715	10,647
Volvo	57,483	65,321
Others	77	45
Total	244,279	243,755

SWITZERLAND
Cars

	9 mos. 1986	9 mos. 1985
Alfa Romeo	5,494	5,062
BMW	7,911	8,743
Daihatsu	898	950
Fiat Auto	19,959	17,367
Fiat	16,009	14,283
Lancia	3,950	3,084
Ford	20,487	16,904
GM-Opel	32,518	28,204
Honda	6,799	6,266
Isuzu	605	409
Jaguar	358	354
Mazda	8,452	6,115
Mercedes-Benz	7,084	5,077
Mitsubishi	6,684	6,162
Nissan	9,263	8,716
Peugeot SA	21,544	17,860
Citroen	7,540	6,950
Peugeot	14,004	10,284
Talbot	0	626
Porsche	1,353	1,116
Renault	13,972	13,432
Rover Group	1,754	1,762
Saab	1,408	933
Skoda	99	80
Steyr-Puch	128	117
Subaru	9,633	7,820
Suzuki	3,304	3,047
Toyota	18,893	13,308
VW Group	39,161	35,562
Volkswagen	26,209	23,325
Audi	10,393	10,929
Seat	2,559	1,398
Volvo	4,494	3,864
Others	103	84
Total	242,558	209,404

ICELAND
Cars

	9 mos. 1986	9 mos. 1985
Alfa Romeo	24	0
BMW	75	34
Daihatsu	620	244
Fiat Auto	405	271
Ford	488	348
GM-Opel	287	149
Honda	216	123
Lada	1,907	578
Mazda	553	538
Mercedes-Benz	36	49
Mitsubishi	871	675
Nissan	285	234
Peugeot SA	287	174
Citroen	246	151
Peugeot	41	23
Polonez	23	54
Renault	32	39
Saab	156	74
Seat	75	28
Skoda	537	285
Subaru	895	529
Suzuki	138	72
Toyota	1,112	613
Trabant	100	0
VW-Audi	348	193
Volvo	337	179
Total	9,807	5,483

DENMARK
Cars

	10 mos. 1986	10 mos. 1985
Alfa Romeo	496	356
BMW	3,259	3,019
Dacia	310	566
Daihatsu	3,168	2,444
Fiat Auto	7,855	6,506
Ford	19,293	21,013
FSO	1,149	1,644
GM-Opel	25,272	22,669
Honda	3,075	1,682
Isuzu	2	5
Jaguar	25	27
Lada	4,005	3,166
London Taxi	1	0
Maserati	1	0
Mazda	16,401	12,096
Mercedes-Benz	1,308	963
Mitsubishi	3,858	2,406
Morgan	1	0
Nissan	9,329	6,998
Peugeot SA	11,822	8,309
Citroen	7,480	5,542
Peugeot/Talbot	4,342	2,767
Porsche	19	0
Renault	814	1,100
Rolls-Royce	1	0
Rover Group	292	266
Saab	1,480	1,460
Skoda	3,284	3,423
Subaru	612	180
Suzuki	314	443
Toyota	19,596	16,577
VW Group	13,328	10,340
Volkswagen	11,557	9,099
Audi	764	711
Seat	1,007	530
Volvo	5,873	5,411
Wartburg	697	1,071
Zastava	1,136	1,531
Others	0	132
Total	158,076	135,904

ITALY
Cars (sales)

	8 mos. 1986	8 mos. 1985
Alfa Romeo	82,199	80,124
Altre Naz	1,600	1,691
ARO	1,504	1,055
BMW	14,613	15,455
Chrysler	11	16
Daihatsu	139	115
Fiat Auto	693,140	645,406
Fiat	574,071	529,427
Lancia/ Autobianchi	118,551	115,501
Ferrari	518	478
Ford	48,796	49,534
GM-Opel	40,926	39,035
Honda	166	251
Hyundai	794	196
Innocenti	9,179	10,459
Jaguar	211	236
Jeep	553	610
Lada	793	2,484
Maserati	2,384	2,899
Mazda	21	51
Mercedes-Benz	14,113	13,541
Mini Moke	0	1
Mitsubishi	266	441
Nissan	3	35
Peugeot SA	89,808	84,701
Citroen	43,971	45,509
Peugeot/Talbot	45,837	39,192
Porsche	579	613
Renault	107,590	129,132
Rolls-Royce	22	18
Rover Group	18,290	15,481
Saab	2,499	1,703
Skoda	1,138	1,155
Subaru	87	166
Suzuki	3,208	443
Toyota	483	407
UAZ	618	583
UMM	31	28
VW Group	130,086	129,163
Volkswagen	89,596	90,142
Audi	9,455	13,273
Seat	31,033	25,748
Volvo	12,451	12,938
Total	1,278,221	1,238,166

AUCTION DATES

American Motors

Dec. 30 — Minneapolis Auto Auction, Plymouth, Minn., and Aptco Auto Auction, Taylor, Mich.

Jan. 6 — D-A Auto Auction, New Stanton, Pa.

Jan. 7 — Minneapolis Auto Auction, Plymouth, Minn., and Kansas City Auto Auction, Kansas City, Mo.

Chrysler Corp.

Jan. 6 — Hatfield Auto Auction, Hatfield, Pa.; Arena Auto Auction, Chicago; and Metro Auto Auction of Kansas City, Lee's Summit, Mo.

Jan. 7 — Butler Auto Auction, Gibsonia, Pa.; Columbus Fair Auto Auction, Obetz, Ohio; and Minneapolis Auto Auction, Plymouth, Minn.

Ford Motor Co.

Jan. 6 — Indianapolis Auto Auction, Indianapolis

General Motors

Jan. 6 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Dallas; and 166 Auto Auction, Springfield, Mo.

Model Breakdown
Auction Averages

	DEC 1986	NOV 1986	OCT 1986
1986	$11,149	$11,299	$11,574
1985	$8,144	$8,286	$8,414
1984	$6,142	$6,186	$6,215
1983	$5,386	$5,420	$5,442
1982	$4,141	$4,190	$4,216
1981	$3,177	$3,244	$3,277
1980	$2,349	$2,387	$2,424
1979	$2,035	$2,069	$2,086
Overall Average	$5,129	$5,181	$5,196

Used Car Sales
Auction Averages

December to date	$5,129
Month ago	$5,181
Year ago	$4,559

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PRODUCTION

'86 auto output dips

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Estimated production of 7,734,489 cars in 1986 was down 3.93 from the 1985 running total of 8,050,518. Auto plants ended production for the year last Tuesday (Dec. 23).

Showing production gains this year (estimated totals) over 1985 are: New United Motor Manufacturing Inc., 193,362, more than triple last year's 58,139; Honda of America Manufacturing Inc., 233,440, up 63.99 percent from 142,349; Nissan Motor Manufacturing Co., U.S.A., 63,061, up 47.70 percent from 42,695; Ford Motor Co., 1,747,471, up 8.83 percent from 1,605,595; and Chrysler Motors, 1,284,085 up 3.30 percent from 1,243,051.

Preliminary figures indicate calendar-year production declines from 1985 for: American Motors, 48,336 down 55.68 percent from 109,082; General Motors, 4,082,387, down 14.14 percent from 4,754,916; and Volkswagen of America, 82,347 down 13.03 percent from 94,691.

With no overtime and only two working days because of the holidays, last week's targeted domestic auto production dipped considerably from the prior week's output.

Automakers' estimated build of 68,481 was down 61.54 percent from the previous week's 178,068. There was no production during the year-ago week due to the Christmas holiday.

Last week's scheduled auto output was shared as follows: GM, 53.70 percent; Ford, 26.09 percent; Chrysler, 11.97 percent; Honda, 2.91 percent; NUMMI, 2.45 percent; Nissan, 1.71 percent; and VW, 1.17.

AMC's Kenosha, Wis., plant was idle for inventory adjustment last week. The plant is scheduled to resume production Jan. 5.

1986 truck build up 2.3 percent

As production for the year ended last Tuesday (Dec. 23), the estimated domestic truck output for 1986 totaled 3,483,534, an increase of 2.25 percent over the running total of 3,406,855 for 1985.

Preliminary 1986 production increases over 1985 were reported by: Ford Motor Co. — 1,371,173 units, up 14.89 percent from 1,193,437; Nissan Motor Manufacturing Co. — 106,783, up 1.59 percent from 105,106; and GMC — 355,098, up 1.29 percent from 350,547.

Production decreases were posted by: Dodge — 150,068, down 28.59 from 210,150; Jeep — 187,917, down 18.11 percent from 229,475; Chevrolet — 1,125,441, down 2.15 percent from 1,150,231; and Navistar International — 71,788, down 0.94 from 72,476.

Assembly plants are scheduled to resume production Jan. 5.

'86 Canadian production drops

Canadian carmakers' and truckmakers' preliminary 1986 calendar-year totals fell below the running totals for 1985.

Estimated truck production for 1986 was 770,801, 8.63 percent below the 1985 total of 843,588.

Last week's two-day truck output, scheduled at 5,404 units, was 61.81 percent below the previous week's 14,149. There was no production during the year-ago holiday week.

Estimated auto production for 1986 was 1,056,145 units, 2.68 percent below the 1,085,209 completed in 1985.

Production of 9,797 cars last week was 60.65 percent below the previous week's 24,896.

General Motors' Ste. Therese, Quebec, plant will be idle for inventory adjustment the week of Jan. 5. The plant will resume operations Jan. 12.

Output at all other assembly plants is scheduled to resume Jan. 5.

CANADIAN CAR	Week Ended Dec. 27, 1986	Week Ended Dec. 28, 1985	Week Ended Dec. 20, 1986	Dec. Est.	Jan. 1 to Dec. 20, 1986	Jan. 1 to Dec. 27, 1986
AMERICAN MOTORS	0	0	0	244	11,302	4,359
FORD MOTOR	4,852	0	10,916	37,854	494,215	520,304
GENERAL MOTORS	4,831	0	13,755	44,375	569,842	521,498
VOLVO	114	0	225	789	9,850	9,984
Total Cars, Canada	9,797	0	24,896	83,262	1,085,209	1,056,145

U.S. TRUCK☆	Week Ended Dec. 27, 1986	Week Ended Dec. 28, 1985	Week Ended Dec. 20, 1986	Dec. Est.	Jan. 1 to Dec. 20, 1986	Jan. 1 to Dec. 27, 1986
CHEVROLET	8,189	0	17,677	65,881	1,150,231	1,125,441
DODGE	1,800	0	5,200	19,233	210,150	150,068
FORD	13,434	0	33,586	110,193	1,193,437	1,371,173
GMC	2,946	0	7,365	25,055	350,547	355,098
NAVISTAR	648	0	1,624	5,500	72,476	71,788
JEEP	1,500	0	4,190	13,914	229,475	187,917
NISSAN	692	0	1,750	5,893	105,106	106,783
AM GENERAL*	20	0	50	170	2,480	2,474
MISCELLANEOUS*	920	0	2,300	7,820	92,953	112,792
Total Trucks, U.S.	30,149	0	73,742	253,659	3,406,855	3,483,534

CANADIAN TRUCK	Week Ended Dec. 27, 1986	Week Ended Dec. 28, 1985	Week Ended Dec. 20, 1986	Dec. Est.	Jan. 1 to Dec. 20, 1986	Jan. 1 to Dec. 27, 1986
AMERICAN MOTORS	0	0	0	967	0	27,147
CHRYSLER	2,988	0	9,214	30,527	390,024	399,148
FORD	1,520	0	3,080	10,263	160,567	145,822
GENERAL MOTORS	816	0	1,657	4,875	282,115	189,337
NAVISTAR	80	0	198	680	10,882	9,347
Total Trucks, Canada	5,404	0	14,149	47,312	843,588	770,801
N. American Trucks	21,553	0	87,891	300,971	4,250,443	4,254,335

☆—Includes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

U.S. CAR	Week Ended Dec. 27, 1986	Week Ended Dec. 28, 1985	Week Ended Dec. 20, 1986	Dec. Est.	Jan. 1 to Dec. 20, 1986	Jan. 1 to Dec. 27, 1986
AMERICAN MOTORS	0	0	0	1,492	109,082	48,336
Renault Total	0	0	0	1,492	109,082	48,336
Alliance	0	0	0	1,492	72,443	44,989
Encore	0	0	0	0	36,639	3,347
CHRYSLER MOTORS	8,200	0	23,805	84,070	1,243,051	1,284,085
Plymouth Total	3,100	0	8,719	31,781	392,941	417,408
Horizon	1,200	0	3,354	12,413	140,441	170,099
Sundance	700	0	2,050	7,497	0	36,144
Reliant	900	0	2,505	9,086	159,437	149,621
Caravelle	300	0	810	2,805	48,189	43,958
Gran Fury	0	0	0	0	14,894	17,556
Chrysler Total	1,800	0	5,076	18,406	403,143	365,249
Laser	0	0	0	0	50,972	26,978
LeBaron	400	0	1,266	4,901	94,670	83,510
LeBaron J Coupe	400	0	1,321	2,820	0	2,820
LeBaron GTS	300	0	883	3,424	93,032	62,251
New Yorker/E-Class	500	0	1,606	5,261	63,277	72,291
Fifth Avenue	0	0	0	0	104,192	117,399
Dodge Total	3,500	0	10,010	35,883	472,967	501,428
Daytona	200	0	651	2,143	46,754	32,963
Omni	1,200	0	3,096	11,592	134,803	161,734
Shadow	600	0	1,820	6,716	0	34,480
Aries	900	0	2,621	9,067	133,087	125,066
Dodge 600	400	0	1,142	3,774	65,253	63,727
Lancer	200	0	680	2,591	63,820	47,375
Diplomat	0	0	0	0	30,250	36,083
FORD MOTOR†	17,865	0	44,662	146,400	1,605,595	1,747,471
Ford Division	12,449	0	31,118	102,107	1,076,410	1,210,516
Escort	3,736	0	9,344	27,631	336,382	374,650
EXP	0	0	0	0	3,838	0
Mustang	1,794	0	4,484	14,845	181,978	177,623
Tempo	2,159	0	5,397	17,169	185,649	196,666
LTD	0	0	0	0	180,724	0
Taurus	3,770	0	9,424	34,005	12,075	330,304
Thunderbird	966	0	2,469	8,457	166,842	131,273
Crown Victoria	0	0	0	0	7,122	0
L-M Division	5,416	0	13,544	44,293	529,185	536,955
Mercury Total	3,789	0	9,474	29,829	369,000	356,366
Lynx	578	0	1,446	4,488	73,877	59,991
Capri	0	0	0	0	19,765	12,344
Topaz	393	0	983	3,620	53,626	56,852
Cougar	1,475	0	3,686	10,813	127,836	101,736
Marquis	0	0	0	0	83,451	0
Sable	1,343	0	3,357	10,908	5,682	125,443
Grand Marquis	0	0	0	0	4,733	0
Lincoln Total	1,627	0	4,070	14,464	160,185	180,589
Continental	163	0	408	1,450	24,862	19,384
Lincoln	1,221	0	3,053	10,850	117,619	135,448
Mark VII	243	0	609	2,164	17,704	25,757
GENERAL MOTORS	36,773	0	94,011	302,361	4,754,916	4,082,387
Buick Total	7,532	0	18,248	59,094	983,450	786,586
Skyhawk	745	0	2,076	4,591	109,298	81,304
Century	2,109	0	5,404	18,910	292,500	229,128
Regal	634	0	1,510	5,636	133,740	59,692
Skylark (X-car)	0	0	0	1,490	43,477	0
Somerset/Skylark	965	0	2,965	7,706	115,337	111,375
LeSabre (fwd)	1,860	0	3,164	10,724	9,770	154,070
LeSabre/Electra (rwd)	142	0	368	1,214	96,066	15,001
Electra (fwd)	730	0	1,857	6,190	135,395	89,967
Riviera	347	0	904	2,633	47,867	26,049
Cadillac Total	3,049	0	7,679	26,358	319,758	316,091
Cimarron	158	0	303	1,196	26,265	22,971
Allante	16	0	5	53	0	53
Brougham (rwd)	624	0	1,583	5,187	39,447	75,175
DeVille (fwd)	1,606	0	4,103	15,059	172,361	170,235
Eldorado	247	0	841	2,592	53,140	25,217
Seville	398	0	839	2,271	28,525	22,440
Chevrolet Total†	12,332	0	31,060	96,763	1,601,221	1,294,928
Chevette	1,048	0	2,621	9,168	152,208	105,578
Camaro	1,390	0	3,475	8,248	210,428	170,649
Cavalier	3,878	0	9,697	25,908	482,862	389,715
Celebrity	2,400	0	6,225	20,506	260,708	257,599
Citation	0	0	0	0	28,699	0
Corsica/Beretta	610	0	1,526	6,450	0	14,616
Monte Carlo	690	0	1,726	6,373	135,935	108,427
Chevrolet	2,056	0	5,140	17,896	282,796	220,361
Corvette	260	0	650	2,212	45,454	27,983
Oldsmobile Total	6,622	0	17,179	57,421	1,150,328	916,776
Firenza	339	0	692	1,866	61,165	37,666
Calais	1,036	0	3,174	9,863	147,462	118,899
Cutlass Ciera	1,822	0	4,524	15,433	349,221	234,475
Cutlass Supreme	318	0	854	3,790	230,615	106,038
88 (fwd)	1,720	0	4,240	14,977	23,449	269,557
98 (rwd)	192	0	577	1,533	168,594	18,916
Olds 98	948	0	2,492	8,090	140,767	112,546
Toronado	247	0	626	1,869	29,055	18,679
Pontiac Total	7,238	0	19,845	62,725	700,159	788,006
Acadian*	0	0	500	1,867	16,692	16,772
Fiero	712	0	1,817	6,072	112,139	68,656
1000	192	0	572	1,931	34,949	21,049
Firebird	820	0	2,022	4,892	111,950	103,905
2000 Sunbird	894	0	2,240	6,266	139,072	128,707
Grand Am	2,020	0	6,205	19,411	139,928	229,202
6000	1,090	0	2,844	9,696	57,020	132,378
Bonneville	1,360	0	3,269	11,516	0	37,400
Safari/Parisienne	150	0	376	1,274	88,409	49,937
HONDA	1,995	0	6,585	21,825	142,349	233,440
Civic	405	0	1,675	5,311	0	20,498
Accord	1,590	0	4,910	16,514	0	212,942
NISSAN	1,168	0	2,954	9,894	42,695	63,061
NUMMI†	1,680	0	4,028	13,693	58,139	193,362
Corolla	440	0	1,073	5,425	0	12,107
Nova	1,240	0	2,955	8,268	0	181,255
VOLKSWAGEN	800	0	2,023	4,849	94,691	82,347
Golf/GTI	550	0	1,773	4,099	0	61,197
Jetta	250	0	250	750	0	1,150
Total Cars, U.S.	66,481	0	178,068	584,584	8,050,518	7,734,489
Total Cars, Canada	9,797	0	24,896	83,262	1,085,209	1,056,145
N. American Cars	78,278	0	202,964	667,846	9,135,727	8,790,634
N. American Trucks	35,553	0	87,891	300,971	4,250,443	4,254,335
North American Cars and Trucks	113,831	0	290,855	968,817	13,386,170	13,044,969

*—All Acadians are built for sale in Canada. Monthly estimates may contain error of one or two units due to rounding.
†—Last week's production was estimated by Automotive News.

Gray market wins a bit in Texas case

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The Texas law regulating titling of gray-market vehicles has been upheld, for the most part, by the Fifth Circuit Court of Appeals in New Orleans.

The court said direct importers no longer have to obtain EPA documents. But they still must have Department of Transportation approval of the vehicle's safety compliance, and they must have a letter from DOT to the U.S. Customs Service releasing the vehicle from bond before they can secure a title to the vehicle.

While the appeals court decision is not exactly what the gray-marketers wanted, a NHTSA spokesman told Automotive News that the approval process now takes only 1-2 weeks. In the past, a delay of several months by DOT was common.

A spokesman for the Automobile Import Compliance Association said the shorter wait is, in part, because gray-market imports have dwindled to about 1,000 a month because of less-favorable foreign exchange rates.

The Direct Automobile Imports Association, the Texas gray-market organization, challenged the Texas law in June 1985. For issuance of a title, the law required approval from EPA for compliance with emission standards and a bond-release letter as well as parallel documents from DOT.

The association said the Texas law was invalid because both the Clean Air Act and the vehicle safety law pre-empted state law. In addition, it charged that the Texas law violated the commerce clause of the U.S. Constitution by interfering with interstate commerce.

Gray-market vehicles are those not originally intended for sale in the United States and imported either by agents or consumers directly. Federal regulations require that they conform to safety and air-pollution standards before they can be sold and titled. The importer must post a bond in an amount at least equal to the vehicle's value before making any changes.

EPA requires testing by a laboratory "recognized" by EPA before it will release the gray-market vehicle from the Customs Service. DOT requires an approved statement of compliance before it will release the vehicle from bond.

The gray-market group won a federal district court decision which said state law was pre-empted by both the air pollution and the safety laws. Since that was enough to grant a preliminary injunction, the court never decided the constitutional question.

The three-judge appellate court has now agreed in part and has sent the case back to the lower court to lift the preliminary injunction. It ruled that the Clean Air Act clearly pre-empts state law, but found the Texas law is not pre-empted for safety standards.

In the unanimous opinion, Judge E. Grady Jolly said the Texas law "does not require importers of gray-market automobiles to take any steps that federal law did not already require them to take."

A similar case involving a Florida gray-market law brought by the individual importer and the Florida Import and Compliance Association is pending.

1/6/87 C2700-1

Automotive News®

January 5, 1987

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61st year—$50.00 per year, $1.25 per copy

800,000 drop seen in domestic sales

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — A flat economy and more import buying in 1987 will wipe out 800,000 sales of U.S.-built cars, the U.S. Commerce Department forecasts.

Commerce's annual economic report said sales of U.S.-built cars will decrease by about 10 percent this year to 7.05 million units, compared with estimated 1986 sales of 7.85 million.

U.S. Auto Sales Estimates, 1986-1990
(Thousands of vehicles)

Year	Domestics	Imports	Total	Import share (%)
1986	7,850	3,105	10,955	28.34
1987	7,050	3,650	10,700	34.11
1988	7,025	3,875	10,900	35.55
1989	7,110	3,990	11,100	35.95
1990	7,135	4,165	11,300	36.86

Source: U.S. Department of Commerce: International Trade Administration, estimates and forecasts by ITA.

Imported cars will capture 34 percent of the market in 1987, up from the 28 percent share they won in 1986, the department estimated. The import prediction is 3,650,000 in 1987 vs. 3,105,000 in 1986.

The forecast said total new-car sales in the U.S. will dip to 10,700,000 in 1987 from 10,955,000 in 1986.

The Commerce Department forecast is based on the assumption that U.S. economic growth will continue at current levels in 1987, that interest rates will remain at or below present levels, that there will be only a modest increase in fuel costs, and that the Japanese government's restraints on car exports to the United States will be eliminated March 31, 1987.

The department said the new-car sales outlook for the rest of the decade is more favorable. Sales will increase to 10.9 million in 1988, rise to 11.1 million in 1989 and reach 11.3 million in 1990, the department said.

Sales of domestic-built vehicles will firm up over the longer term but will continue to lose market share to imports, the department believes. Sales of U.S.-built models should be 7,025,000 in 1988, 7,110,000 in 1989 and 7,135,000 in 1990, the department said.

The government analysis attributes the future stability of sales of U.S.-built cars to new U.S. capacity being added by both U.S.-owned and foreign-owned firms. Much of the new capacity being added is either Japanese-owned or joint

see FORECAST, page 39

AUTOMOTIVE NEWS JOE WILSSENS

Dealers from across the country said December sales gains were typically about 20 percent

BOOM: *Year-end tax writeoff is top reason for December's busy showrooms*

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

When the time comes to hand out credit for the triumphs of 1986, the nation's auto dealers may be obliged to send thanks to the writers of the new U.S. tax code.

Dealers expected the loss of certain tax breaks after 1986 to set off a flurry of year-end buying. And judging by responses from those interviewed by Automotive News last week, most dealers weren't disappointed.

"I hope December doesn't end," said Jack Rockwell, owner of Whittier Chrysler-Plymouth in Whittier, Calif. "This is the best December I've ever had, and I've been in this business for 25 years."

Rockwell said he expected to sell more than twice as many cars in the month as he did in December 1985. And while other dealers couldn't match his performance — and some in fact were discouraged by their sales numbers — those who prospered in December said the new tax law had much to do with their success.

Dealers from across the country said they expected to see December sales range from flat to Rockwell's 100-plus-percent increase, with gains typically in the 20 percent range.

To car shoppers, the logic behind buying was simple. If they were ready to spend $25,000 on a new car and lived in a state with a 7 percent sales tax, they could trim $1,750 from their 1986 taxable income if they bought before Jan. 1, 1987 — when the writeoff disappears. Other provisions of the tax law, such as reduced interest deductions and extended depreciation schedules, also provided incentives to buy before the year ended.

Like other dealers, Rockwell said most of his sales were concentrated in his top-of-the-line

see BOOM, page 38

Chevrolet Corsica price set at $8,995

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

Chevrolet introduced its most important cars since 1955 last week, and division officials believe the Corsica and Beretta are priced to capture at least 500,000 buyers a year.

The base price of the Corsica sedan is $8,995; the base price of the Beretta coupe is $9,555. The cars went on sale Jan. 2 and were displayed at the Los Angeles auto show, which opened Jan. 3.

Robert D. Burger, Chevrolet general manager, called the Corsica and Beretta as important to the future of Chevrolet as the 1955 Chevy was to its generation. The 1955 Chevy was a completely restyled model with the division's first V-8 engine.

"Corsica and Beretta are more than just two new cars," Burger said in prepared remarks. "They are Chevrolet's statement of how the customer has redefined the compact car."

In terms of price, the new models, exclusive to Chevrolet, fall between the Cavalier and Celebrity in the division's product line. The division considers the models compacts, which fill a void left from the discontinuance of the publicity-plagued X-car, the Citation.

"We're confident these prices put Corsica and Beretta in a good competitive position against both the domestic and imported compacts," Burger's Los Angeles remarks said.

see CHEVROLET, page 38

Levy on Renault

New chief says company must play by world rules

By Jean-Jacques Renaux
SPECIAL CORRESPONDENT

BRUSSELS, Belgium — Following the lead of his assassinated predecessor, new Renault Chairman Raymond Levy believes the state-owned French automaker must live by the rules of a competitive world industry.

"There is no choice for Renault," Levy told Automotive News in an exclusive interview, his first since succeeding Georges Besse at the Renault helm. "Being in the free market, Renault will succeed by playing by the rules of the game or it will not succeed. There is no alternative."

Levy, cleaning up loose ends at his old job in Belgium before moving to Renault in Paris, was responding to questions about the possible privatization of all or part of Renault — an idea given greater credibility by recent remarks on French national television by Industry Minister Alain Madelin, who contends it is not the job of the state to build cars.

But after only a few days at Renault, Levy was reluctant to make any specific pronouncements about how he will run the group and its North American affiliates, American Motors and Mack Trucks.

One thing was strikingly clear, however. Levy's answers to questions about his business philosophy reiterated what many had believed — that he is a man in the mold of his old friend Besse, who was assassinated in Paris Nov. 17.

JEAN GUYAUX

Levy: A man in the mold of his old friend, former Renault Chairman Besse

The new chairman would not be drawn into specific issues, saying, "I cannot talk about it so soon, I don't know the company well enough. . . . Don't forget, I have spent only 48 hours at Renault so far. It's not much, two days' work."

It had taken less than 48 hours after Besse's death for Madelin to contact Levy in Brussels, and ask whether he would become head of the troubled car group.

see LEVY, page 39

Honda adding automation to hike efficiency

By Richard Feast
AUTOMOTIVE NEWS STAFF REPORTER

Honda Motor Co. is well advanced with a program designed to triple the company's production efficiency in just over two years.

By adding greater automation in the area of final assembly and creating a more flexible production system, Honda officials believe the automaker will also be able to lift capacity without increasing the number of people it employs.

All Japanese exporters are having to review their strategies in the wake of the strengthening yen. Honda, which derives almost 70 percent of annual revenues ($16 billion in 1986) from overseas sales, believes the yen could rise to 120 to

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NEWSPAPER

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Oil slump perils Okla. dealerships

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

Dealers in Oklahoma, where the economy has been wracked by sagging oil prices and continuing farm troubles, may seek help from the automobile manufacturers whose cars they sell.

W. C. "Mac" McCullough, an Ardmore, Okla., Cadillac dealer and National Automobile Dealers Association director, said NADA will conduct a dealer survey on business conditions in the state. The results will help dealers decide what to do — and that might include soliciting financial help from manufacturers.

The dealers especially need help with the cost of floorplanning and insurance, McCullough said.

"Business has been horrible here," McCullough said, adding that he sees little promise for improvement in 1987.

"We're afraid," he added. "It doesn't look too good."

Dealers in Oklahoma, as well as those in neighboring oil-producing states, say Oklahoma is in the worst economic shape of any area in the country. Low oil prices have put a halt to oil drilling, which has caused high unemployment, bank collapses and bankrupt businesses. All of that is in addition to the poor economic condition of the state's farmers.

"It's a double whammy for us," said John Conner, executive vice president of the Oklahoma Automobile Dealers Association.

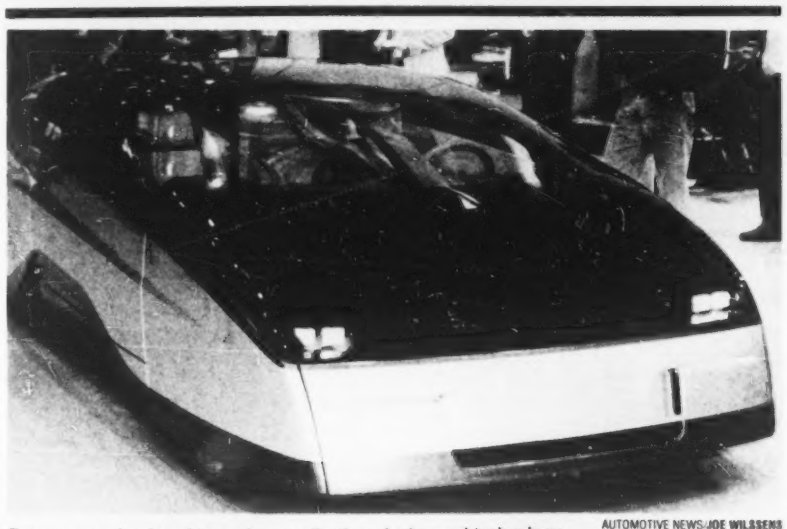
Some Oklahoma dealers have sold out to larger, stronger dealerships; others have simply closed their doors and a few have filed for bankruptcy, he said. The state dealer association lost 8 percent of its membership in 1986. Membership totals 370 dealers, down from an all-time high of 515 12 years ago.

Conner said the fleet business is virtually gone and small towns have been especially hard hit. He mentioned one town that until recently had seven car dealers and a truck dealership. Today, the truck dealership is gone, and the car franchises have been consolidated into three dealerships.

Even dealers in neighboring Texas, similarly troubled by the slumping oil business, say Oklahoma is in worse shape.

Walter Wainwright Jr., president of the Houston Automobile Dealers Association, said 1986 car sales in Houston were off 20 percent from 1985. But dealerships are not closing and new points have opened, primarily for new makes such as Hyundai, Acura and Yugo.

As in Oklahoma, there has been consolidation of dealerships in Houston. Almost 10 percent of the association's 160 dealerships have changed hands in the last year, Wainwright said.



AUTOMOTIVE NEWS/JOE WILSSENS

Express was developed to explore application of advanced technology

The Chevy of the future?

Express concept car designed for inter-city trips

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Chevrolet will display the Express, a new research vehicle designed with high-speed travel between major metropolitan areas in mind, at this week's Detroit Auto Show.

The Express offers a glimpse of what Chevrolet thinks the car of the future might be like and what General Motors engineers must work on to build the Chevy of the future.

The Express will serve as a research vehicle to explore the application of advanced technology including expanded use of electronics, new structural techniques, advanced aerodynamics and new powerplant technology.

The idea for the Express was hatched in 1983 when GM decided to take a look at the viability of a high-speed vehicle for travel between metropolitan areas. GM wanted to expand the concept of high-speed air and rail travel by building a vehicle that could provide long-range travel as well as personal mobility once a person arrived at a destination.

GM decided its vehicle would cruise at a maximum speed of 150 mph and get 25 mpg. GM engineers figured such a future vehicle would probably operate in a limited access lane or on a separate high-speed roadway.

To meet those speed and mileage requirements, it was decided that the Express had to be aerodynamic and would be powered by an automotive gas turbine engine, which runs most efficiently when operating at a constant speed.

GM designers and engineers also decided that car-buying trends into the next century would show continued popularity of four-passenger vehicles.

Within those guidelines, the car was designed by the GM Advanced Concept Center in California and engineered by the Chevrolet-Pontiac-Canada Group's Advanced Engineering Department. Other GM units, including Electronic Data Systems and Hughes Aircraft, also helped in the development.

AUTOMOTIVE NEWS/JOE WILSSENS

Express' drag coefficient: 0.19

Advanced technology featured on the Express includes low-drag aerodynamics, with a drag coefficient of 0.19; body construction using new materials and architecture; a powertrain system that includes a turbine engine with unique exhaust characteristics, a specially designed transmission and unusual downforce characteristics; electronics including monitor displays for a view of what is behind the car, navigation system, keyless entry system, advanced lighting systems and convenience features; and a unique chassis configuration with a greenhouse canopy roof.

Chevrolet said that consumers won't likely see a turbine-engined Chevrolet in their local showroom soon, many of the concepts and systems being evaluated in the Express will be incorporated into Chevrolet products of the near future.

GM's Pontiac division also will unveil a new concept vehicle at the Detroit Auto Show but no details on the vehicle have been revealed. At last year's Detroit show, Pontiac introduced the Trans Sport, a people mover with car and van characteristics.

Job security

50 years after victory at GM, UAW looks ahead to '87 talks

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

The UAW is looking back and looking ahead in these early days of 1987.

It is looking back as it marks the 50th anniversary of the sit-down strike at the Fisher Body plant in Flint, Mich., that won the union its first contract with General Motors and opened the door to agreements with all the automakers.

It is looking ahead as it prepares for the 1987 negotiations with GM and Ford Motor Co. — negotiations that are not likely to be marred by the violence of the 1930s, but talks that are every bit as important to the future of the union.

The major auto industry strikes and bargaining since the sit-down strike have won workers unprecedented gains. But a half-century after the Flint strike, the union again fears the rug could be yanked from under it. The UAW has reaffirmed that job security will be its top priority in the 1987 talks.

That means addressing the mushrooming problems of plant closings, outsourcing and subcontracting, and winning a stronger voice in the automakers' planning and decisions. UAW President Owen Bieber, who is a director of Chrysler Corp., has said that the union will seek representation on the GM and Ford boards as well.

Profit-sharing will be on the agenda and wages and benefits won't be ignored. But the major issue will be job security.

Sidney Fine, University of Michigan historian and author of "Sit-down," a study of the milestone Flint strike, said, "You could argue that job security and having some say in the company were issues from the beginning."

He said that in 1937, the union's demands for a seniority system and grievance procedures were attempts to achieve job security.

Fine said job security was further assured in early bargaining when automakers were forced to agree that "women couldn't be fired for not sleeping with the foreman."

Though the union wanted a say in working conditions, Fine said, it was content to let managers run the plants during the postwar boom years — in exchange for good wages and benefits.

"Once the industry began to recede — and I mean heavy industry in general — unions became unhappy with management" and wanted a voice in running the company, he said.

Since the formation of the union in 1936, the strike has been a key weapon in the UAW's strategy.

The historic Flint strike was kindled in the summer of 1936, when the UAW began organizing efforts in Flint. The auto workers had been thwarted in earlier attempts to organize GM plants.

At that time, Flint was "the heart of the GM empire," according to Warner W. Pflug, author of a history of the UAW.

The strike began at Fisher Body Plant No. 1 Dec. 30, 1936, when workers sat down and halted the shipment of dies to other areas. GM believed moving the dies would keep production going in the event of a strike in Flint.

Ten other plants eventually joined the strike, either through sit-downs or walkouts, and by Jan. 13, 1937, more than 112,000 of the company's 150,000 production workers were on strike.

The union secured Chevrolet Plant No. 4 in Flint — a vital facility — on Feb. 2, and on Feb. 11, 1937, GM agreed to a settlement that recognized the UAW as the representative of GM employees who were members. GM also agreed not to discriminate against union members and to rehire all strikers.

On March 12, 1937, a general agreement was signed that included a grievance procedure and layoff, trans-

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61st year—No. 5161

AUTOMOTIVE NEWS (ISSN 0005-1551) is published weekly except semiweekly the fourth week in April at 965 E. Jefferson, Detroit, MI 48207. Second-class postage is paid at Detroit, MI and at additional mailing offices. Postmaster: Send address changes to AUTOMOTIVE NEWS, Circulation Department, 965 E. Jefferson, Detroit, MI 48207.

Iacocca predicts good year despite earnings decline

Chrysler Corp. earnings will decline in 1987, but the automaker still expects profits to average at least $1 billion annually through the end of the decade.

"I don't see how we could do less than a billion dollars a year after taxes unless the roof caves in," said Lee A. Iacocca, Chrysler chairman, in published interviews last week.

Iacocca said model changeovers at two Chrysler plants during the first quarter, plus a potential 8-10 percent drop in industry car and truck sales could force 1987 profits below 1986's projected results.

The company also is expected to post 1986 earnings somewhat lower than its 1985 profit of $1.64 billion, but Iacocca said 1986 still was "a very, very good year."

Iacocca said Chrysler's long-term goal is to increase its share of the new-car and light-truck market to 15 percent from about 12 percent currently, but he added that the company's profit goals do not hinge on gaining market share. No dramatic increase in Chrysler's market penetration is expected near-term.

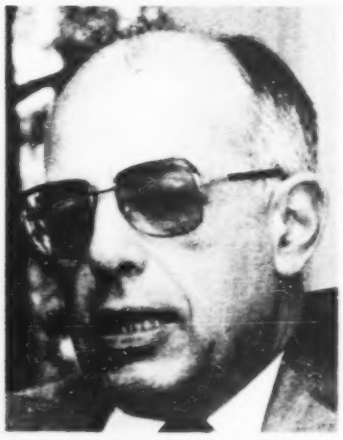
"Our market share will be fairly stagnant, about 12.5 percent of the combined car and truck market (in the United States and Canada)," Iacocca was quoted as saying. "But we are counting a lot on (profit) margin improvements."

Chrysler will introduce several new higher-profit models next year, including its LeBaron coupe and convertible, stretched minivans, C-body full-size cars and the Maserati luxury coupe.

The automaker will spend an average of $2.5 billion annually on capital improvements and new products during the next five years, Iacocca said. The biggest share of the budget will go for new light-truck programs.

Iacocca said Chrysler is continuing to look for a medium-sized composite materials or electronics company it could purchase for about $1 billion.

A decision on whether to build the Omni/Horizon at American Motors' Kenosha, Wis., plant or scrap the small cars must be made by Jan. 30, 1987, he said.



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JEAN GUYAUX PHOTOS

LEVY

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As Levy was tied by a five-year contract with the Belgian government to head the steel group Cockerill-Sambre, it eventually took four weeks before he could actually be named the new Renault boss.

But the minister's choice had been quick, and he stuck to it in spite of the delay caused by the negotiations with the Belgians.

The French administration had two priorities: First, Renault urgently needed a new driver at the wheel, as the car group was left in the middle of a critical turnaround, and secondly, it seemed important that the new man should be in line with Besse's driving style.

And after Levy spent his first day's work at Renault, having interviews with each of the company's 10 directors, one of them reportedly said, "He talks just like Besse!"

But, at this stage, what does Levy think of the quality of the Renault recovery engineered by Besse?

"It is obvious, there is no doubt about that," Levy said. "I know what Besse did at Renault. It is remarkable.

"The most important thing now is that Renault doesn't become content because it may have got back to the break-even point. It is my opinion that a state-owned industry, if it wants to fill any duty, has to make the same kind of profit as any private industry — even more so in a free market like the car market. Then you can talk about some social mission, but not before."

Besse had made the tough decisions to sell Renault assets and idle its workers so he could get out of the red and compete profitably. And there were rumors throughout last fall that all of part of Renault could be for sale — especially overseas stakes such as its 46 percent holding in American Motors.

During Levy's meetings with Madelin, was there any mention of the possible privatization of Renault?

"I don't wish to answer this kind of question," Levy said. "First, if there was any mention of it, I wouldn't tell you. So it would be dishonest to let you ask."

In answer to a question about whether he has a personal opinion about privatization, Levy said, "I have got a personal opinion, which is personal, and I have no opinion about those matters related to Renault."

Madelin had said earlier on French TV that it was not the part of the state to make cars.

Levy's response was, "I will not tell you whether I share this view or not. Mr. Madelin represents my shareholders. Thus, it is up to him to say what kind of policy he wants the management of Renault to follow.

"What I can tell you is this. For me, there is only one difference, at this stage, between a state-owned company and a private one. It lies in who owns the equity. For me, a state-owned group must be run just like a private company. I never experienced it any other way.

"The first, essential, unique goal, I think the No. 1 priority, is to live up to the rules of a competitive industry."

But will it not be a handicap that Levy must take time to learn the auto business at a time of such heavy competition?

"I think so, yes," he said. "I believe that, if it had been possible to find a successor to Georges Besse among Renault's management, it would have been better. But the government judged it was not possible, so I can only note it down."

But Levy indicated he could be helped in his study of Renault by a soon-to-be-delivered report on the company by Booz Allen & Hamilton, the U.S. management consultants, who Besse had called in a few weeks before his assassination.

Besides that, when a manager gets a new assignment like Levy at Renault, how does he proceed? What are the very first steps?

"At Renault, I spent my first day meeting for an hour with every director separately, to hear about their business, listen to their opinion about the company and what I should do first, and get the basic documentation that I'm about to review in detail," Levy said.

"I sure would like to go to the shopfloors and in the field too, if the diary of Renault's president allows for it."

People who had business relations with Levy like to describe him as a self-assertive man, but also as someone very accessible, straight and easy to talk with, a good communicator. He does not mind answering the telephone personally.

Regarding management, he admits to liking some kind of group deliberation, "because this helps to secure some unity of thinking at the director level. I think this is very important."

But that does not mean leaving problems to drag along within committees.

"The boss remains alone to take the final decisions," Levy said.

As an oil industry manager Levy had many links with Renault, including the sponsorship of Renault's Formula 1 auto racing team, and then as a supplier and technical partner at steel company Usinor.

Levy knows something else about his new company. He was a Renault customer for many years. He owns two Renault 5s, one at his Brussels apartment and one at his home in Vaucresson, an elegant suburb to the west of Paris (only minutes away from Renault's headquarters). Between these places, he used to drive his own Renault 25 Limousine.

"I must be the first president of Cockerill who doesn't drive a Mercedes," he said.

Raymond Haim Levy was born in Paris in 1927, the son of a sales executive. In 1946 he attended the Ecole Polytechnique. Then he spent one year learning nuclear physics at the Massachusetts Institue of Technology, from which he brought back a masters degree in science.

"I felt I was cut out to be a physicist," Levy said. "But when I came back to France, I found there was no opening for such a career. Nobody seemed to care about a physicist. I'd had a proposal to stay in the U.S. with the university, but I had declined it."

So Levy resumed his normal studies at the Ecole des Mines. That was where he met Besse, who was to become a friend.

He started his professional career much the same way as Besse. Two years in the coal mining industry, then two years in a public administration in the south of France. In 1957, Levy entered the state-owned oil industry, where he was to spend 23 years, ending with the position of vice president and chief executive of Elf-Aquitaine. He quit in 1980, after being asked to by a new chief executive with a different management style.

In 1981, Levy gained an appointment in the steel industry. One year later, the newly elected socialist government gave him the top job at Usinor, one of France's troubled steel groups. Levy devised a restructuring plan that was eventually to be applied. But in 1984 the government did not renew his contract.

"Let us say that the government decisions regarding the steel industry, in '84, were in line with what I had publicly advocated, on every point," Levy recalled. "But these decisions were against the will of the then-Minister of Industry, Laurent Fabius, probably against the will of one of the President's personal advisers, and against the will of the rival Sacilor steel group's president, too. My contract was legally subject to renewal at the time. I'd say that there was a political row against me. That was it."

After the Usinor coup, he was offered a similar job as head of a foreign steel group, Cockerill-Sambre in Belgium, which was in about the same financial problems as Usinor. He accepted.

"The diagnostic job had been done, and well done, by Jean Gandois, before I came," said Levy. Gandois headed the Belgian group for five years before handing command to Levy and going to the French aluminum group Pechiney — the very same group that Besse had turned around before going to Renault. Gandois was an active candidate for the chair at Renault last month.

But it was Levy who prevailed. And his mark should start to show at Renault in the coming months.

FORECAST

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ventures involving the Japanese. Most of those plants are expected to come on line in 1988.

Imported cars will continue to make big gains in the U.S. market through the rest of the 1980s, the Commerce Department said. The coming year will be especially good for imports.

The department said actual sales during the next four years will be influenced by the construction of foreign-owned vehicle plants that will add "more capacity in the United States than is warranted." The plants being built by foreign companies are expected to have a combined capacity of between 1.5 million and 2 million units by 1990, the study said.

Those additions to domestic capacity and the introduction into the U.S. market of vehicles imported from such countries as Australia, Brazil and Taiwan, which previously did not market vehicles in the United States, are likely to result in considerable price pressure across much of the industry as manufacturers compete for market share, the department said.

"Eventually, however, a rationalization of overall capacity will stabilize the industry," the report said. That may mean plant closings or other consolidations within the industry.

The government said the light-truck and van market is expected to grow by 138,000 sales in 1987, up from estimated 1986 sales of 4,600,000 million. The projected 4,738,000 sales for 1987 will increase to 4,846,000 in 1990, according to the Commerce Department estimate.

With regard to the financial position of the U.S. industry, the Commerce Department said the balance sheets of all the "traditional" U.S. automobile manufacturers, with the exception of American Motors, have "improved markedly" since the recession of the early 1980s.

Profits in 1986 were below the levels of the last two years, however, because of the cost of manufacturer's marketing incentives.

The department added that U.S. manufacturers are expected to remain profitable during 1987, but their profit margins will be under pressure "if they are required to continue using marketing incentives to defend their market shares."

In 1986, consumer demand for subcompact cars rebounded, the Commerce Department noted, "partly because of domestic manufacturer promotions and the introduction of new import models."

HONDA

FROM PAGE 1

the dollar, compared with 165 now and over 200 one year ago.

To remain a major force in export markets and to hold its own in the very competitive domestic market, Honda set out the goals of its efficiency drive in the fall of 1985. The complete overhaul of its Suzuka and Sayama factories, together with a review of the whole parts supplier network, is due for completion in February 1989.

Honda has been quietly implementing the new production technology, but the existence of the so-called "Plan for Tripling Production Efficiency" became known only at the end of 1986 when mentioned in the Japanese press. Honda officials confirmed many of the details last week.

At the same time, production levels and local content at the Marysville, Ohio, plant are steadily increasing. Marysville is not part of the plan, but will benefit over the longer term from the developments, a Honda source said.

U.S. production this year will increase to 320,000, compared with just over 230,000 in 1986. It will reach a level of 360,000 in 1988. The following year, local content will have risen from the present 50 percent to 66 percent.

Honda officials stress that, despite the plan's title, production will not treble by the end of the decade. Instead, it will give Honda the flexibility to produce many different models on the same assembly line so that it can react quickly to market demands. It may also result in Honda buying more built-up components from suppliers.

But the company concedes that the new systems will substantially increase the potential capacities at Suzuka and Sayama. "We could increase production. It would depend on market demands," said one official.

At the end of August, Suzuka was producing at an annual rate of 582,800. At Sayama, the level was 508,400. Despite difficult trading and market conditions the company was managing to sell all the models it could produce.

Much of the reorganization at Suzuka will be completed this spring, when Honda will be capable of producing seven models on one production line: Civic and Integra in three-door, four-door and five-door forms and CR-X.

While company officials deny Japanese reports that as much as 80 percent of final assembly will be automated, the level will clearly be very high.